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**中國交通建設股份有限公司**  
**CHINA COMMUNICATIONS CONSTRUCTION COMPANY LIMITED**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 1800)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**FINANCIAL HIGHLIGHTS<sup>Note</sup>**

Revenue of the Group in 2022 amounted to RMB717,473 million, representing an increase of RMB34,688 million or 5.1% from RMB682,785 million in 2021.

Gross profit in 2022 amounted to RMB83,064 million, representing a decrease of RMB1,460 million or 1.7% from RMB84,524 million in 2021.

Profit attributable to owners of the parent in 2022 amounted to RMB20,065 million, representing an increase of RMB1,716 million or 9.4% from RMB18,349 million in 2021.

Earnings per share for the year 2022 amounted to RMB1.14, compared with RMB1.04 for the year 2021.

The profit margin of the profit attributable to owners of the parent rose to 2.8% in 2022 from 2.7% in 2021.

Operating cash ratio of the Group in 2022 was 0.1%, compared with -1.8% in 2021.

Gearing ratio of the Group in 2022 was 71.8%, compared with 71.9% in 2021.

The value of new contracts of the Group in 2022 amounted to RMB1,542,256 million, representing an increase of 21.6% from RMB1,267,912 million in 2021.

As at 31 December 2022, the backlog for the Group was RMB3,388,325 million.

The Board has proposed a final dividend of RMB0.21707 per share (tax inclusive) for the year ended 31 December 2022, subject to Shareholders' approval.

- Note:* 1. In calculating the amount of basic earnings per share, the interests of perpetual securities with an aggregate amount of approximately RMB1,559 million shall be excluded from profits.
2. Any discrepancies between the amounts herein and the amounts set out in the tables herein are due to rounding.

## CHAIRMAN'S STATEMENT

In 2022, the Company focused on the goal of high-quality development by stabilising growth, optimising structure and controlling risks persistently, thereby reaching new highs in business scale, steadily improving profitability, keeping financial leverage within a reasonable range, steadily improving the quality of development and building a solid foundation for development.

Revenue of the Group amounted to RMB717,473 million, representing a year-on-year growth of 5.1%. Net profit attributable to the Shareholders amounted to RMB20,065 million, representing a year-on-year growth of 9.4%, and earnings per share were RMB1.14. The value of new contracts of the Group amounted to RMB1,542,256 million, representing a year-on-year growth of 21.6%. As at 31 December 2022, the backlog of the Group amounted to RMB3,388,325 million with sufficient order backlog, which provided strong support and guarantee for sustainable and steady development of the Company.

Since the “14th Five-Year Plan”, the Company has not wavered in its determination to develop with high quality, adhered to the overall development path of “123456”, steadfastly made itself stronger, better and bigger, and persevered in building a world-class enterprise with “Three Orientations (三型)”, which has systematically enhanced its foundation and culture advantages, achieved comprehensive optimisation of its industrial system, made breakthroughs in strategic control and management, realised landmark achievements in scientific and technological innovation, presented a fundamental reversal of investment dependence, and substantially improved its operational quality. As a major holding subsidiary of CCCG, the Company played an important role in the business performance of CCCG. The ranking of CCCG in the Fortune Global 500 jumped from 110th in 2016 to 60th in 2022, and has ranked the first among Asian enterprises in ENR's Top International Contractors for the sixteenth consecutive year and rated Level A in business performance appraisal of state-owned enterprises (organised by the SASAC) for the seventeenth consecutive year.

In 2023, faced with new opportunities and challenges, the Company will continue to work hard and forge ahead. We will continue to enhance the power of scientific and technological innovation, value creativity, industrial chain control and institutional mechanism vitality, and vigorously promote the entrepreneurial spirit. We will focus on promoting the integration of the construction of the Party with production and operation, the integration of specific management with the standard system, the integration of performance assessment with remuneration and personnel selection, the integration of strategic planning with operational initiatives, the integration of comprehensive budget with actual implementation, the integration of organizational structure with target responsibilities, the integration of investment efficiency with project efficiency, and the integration of effective quality improvement with reasonable quantitative growth. We will accelerate the construction of “six modernisations (六化)”, and insist on market-oriented mechanism, international level, professional capability, regional coordination, standardised management and information support, so as to steadily promote high-quality development to a new level.

In 2023, the Company will take the initiative to serve the national strategy, make every effort to stabilise growth and seize opportunities for business expansion, thereby writing a new chapter of high-quality development in the new era and new journey. The Company determines in its business plan to achieve a year-on-year growth of no less than 9.8% in the value of new contracts and a year-on-year growth of no less than 7% in operating revenue as well as the “one increase, two stabilizations and three improvements” with high-quality development as the goal and the “profit and five rates (一利五率)” as the core. We will spare no effort to promote the Company’s high-quality development and achieve further success. The key tasks are as follows:

Firstly, focusing on stable growth and building a solid foundation for high-quality development. We will further expand the scale of contracting projects, give full play to the advantages of integrated marketing, continuously increase the proportion of the contracting project market and steadily increase our market share. We will strengthen the optimisation of investment structure, uphold the concept of value investment, and continue to promote the control of the total size, the optimisation of incremental assets and the improvement of quality. To accelerate the upgrading of industrial development, we will combine the pilot work on transportation strength construction with the tasks of creating a source of original technology and building a modern industrial chain leader in traditional areas of strength, and find new industrial development in emerging business areas by taking advantage of technological progress, structural adjustment and product segmentation to enhance the competitiveness and added value of the industrial chain of the principal business.

Secondly, focusing on quality and efficiency improvement, and tapping into the potential of high-quality development. We will take multiple measures to accelerate the transformation of development of the Company from the model focusing on speed and scale to the model focusing on quality and efficiency. We will reduce leverage and debt through multiple channels, optimise the debt structure and explore innovative financing channels. We will vigorously promote cost reduction and expense cutting, firmly establish the concept of “tightening the belts”, and draw up lists of key subsidiaries to carry out special supervision. We will pay attention to the profitability improvement of key enterprises and projects, and accelerate the clean-up of the “non-major and non-advantaged business (兩非)” and the “inefficient and ineffective assets (兩資)”, in order to improve the overall profitability of the Company. We will optimise the structure of assets and debts, improve the quality and efficiency of asset operations and enhance the profitability of net assets.

Thirdly, focusing on reform and innovation to stimulate the momentum of high-quality development. We will attach great importance to the systemic, holistic and synergistic nature of reform, continue to improve the corporate governance mechanism, push forward the “four capabilities (四能)” reform with greater efforts, implement the innovation-driven strategy at the same time, and accelerate the achievement of a high level of technology independently.

Fourthly, focusing on overseas development and consolidating the advantages of high-quality development. We will accelerate the upgrading from “business internationalisation” to “company internationalisation”, promote integrated management, optimise internal cooperation pattern, speed up localised development, adhere to overseas priority, ride on the momentum and gather strength to play a leading role in “the Belt and Road” initiative and enhance its internationalisation capability.

Fifthly, focusing on risk prevention and control, and guarding the bottom line of high-quality development. We will enhance the awareness of opportunities and risks, establish bottom-line thinking, further optimise the working mechanism, discover problems and strengthen weak areas. We will enhance the interconnection of the compliance management information system with the information systems of finance, investment and procurement, deal with the historical issues in production and operation, and strictly control the financial risks from the aspects of system and process.

Standing at a new historical point, we will fully implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and with a sense of mission and urgency, we will be vigorous and determined to accelerate the construction of a world-class enterprise with globally competitive technology, management and quality, and make greater contribution to the building of a modern socialist country in all respects through practical actions and excellent results.

## **BUSINESS OVERVIEW**

### **I. MAIN BUSINESS**

The Company is a leading transportation infrastructure enterprise in the PRC focusing on “big transportation” and “big city” and its core businesses are infrastructure construction, infrastructure design and dredging, respectively. Its scope of business mainly consists of the investment, design, construction, operation and management of port, waterway, land reclamation, river basin management, road and bridge, railway, water conservancy and hydropower, urban rail transit, municipal infrastructure, construction and environmental protection and related projects at home and abroad. The Company is engaged in providing customers with integrated solutions services for each stage of the infrastructure projects leveraging on its extensive operating experience, expertise and know-how accumulated from projects undertaken in a wide range of areas over the decades.

## **II. BUSINESS MODEL**

The business operation process of the Group mainly includes collecting project information, pre-qualification, bidding, executing projects, and delivering projects to customers after completion. The Group has formulated a comprehensive project management system that covers the entire contract process, including the preparation of tenders, bidding price, project organization planning, budget management, contract management, contract performance, project supervision, contract changes, and project completion and delivery. In particular, the Group's infrastructure construction, infrastructure design and dredging business all fall within the scope of the construction industry, and the main project operation process is basically consistent with the above description.

When the Company prepares the project quotation, it carries out a detailed study on the proposed bidding project, including technical and commercial conditions and requirements of the tender followed by a site visit. The Company also invites quotations from suppliers and sub-contractors for various items or activities in respect of the tender. The Company analyses and collects the above information to calculate the costs of each item in the project lists and then marks up gross profit to be obtained according to a certain percentage to calculate the bidding price to the client.

After the project is awarded and the contract is signed, the Group usually collects prepayment at 10% to 30% of the total contract amount before the project commences, and then settles the payment on a monthly or regular basis according to the progress. Payments from customers are usually settled within 1 to 3 months.

At the same time as the above business was carried out, the Company has begun to develop infrastructure and other investment projects since 2007 to obtain investment profits apart from reasonable design and construction. After years of development, in keeping with changes in the market environment, policy situation, and industry demand, the Company has always strictly controlled the key points in the investment process, and continuously promoted the deepening and implementation of the commitment to “value-oriented investments”. For details, please refer to the section headed “Management’s Discussion and Analysis”.

### **III. CORE COMPETITIVENESS DURING THE REPORTING PERIOD**

#### **(I) Strong Advantages in the Fields of Principal Businesses**

The Group is the world's largest port, road and bridge design and construction company, and the world's largest dredging company. It is also the largest international contractor and the largest highway investor in China, and owns the largest engineering fleet in the world. The Group has 32 principal wholly-owned or holding subsidiaries, and operates businesses in China's all provinces, cities, autonomous regions, Hong Kong and Macau and 139 countries and regions across the world.

The Group is the world's largest port design and construction company and has a leading professional ability and a complete industry chain. It undertakes the design and construction of most of medium and large ports in coastal zones since the founding of PRC, and participates in the design and construction of many large ports overseas, fostering a strong competitiveness and brand influence. In China, there are limited peers that can compete with the Group.

The Group is the world's largest road and bridge design and construction company and realizes the service industry pattern with full lifecycle infrastructure and whole-process integration, covering from single industry chain to whole industry chain (including planning, feasibility study, investment and financing, survey and design, project construction, operation and maintenance, and asset disposal), from domestic market to overseas market and from road to civil engineering industry. In the field of design and construction of expressways, high-grade highways as well as river-crossing and sea-crossing bridges, the Group has advantages like leading technologies, adequate financial capacity, outstanding project performance, abundant resource reserves and a good reputation. As social capitals are entering the infrastructure industry at a faster pace amid the country's greater efforts to deepen the reform of investment and financing circulation system, competitors of the Group are not limited to large central enterprises and local state-owned infrastructure enterprises only, and strong private enterprises, financial institutions and other social capitals will also participate in the competition.

The Group is one of the largest railway construction companies in China and has developed into the main force of China's railway construction by virtue of its outstanding construction level and excellent management capability, but a large gap still exists between the Company and the two domestic traditional railway infrastructure enterprises in terms of market shares in China. However, as to the overseas market, the Company has successfully entered into the railway construction markets in Africa, Asia, South America and Oceania. Several major railway projects have been completed or operated or are under construction, and the Company is one of the first batch of engineering construction companies which obtained the "Railway Transportation Permit", and has become a heavyweight in the market. With regard to the railway infrastructure design, the Group entered the market during the "Eleventh Five-Year" period and it is now making efforts to further improve the market influence and stays in the business development stage currently.

The Group is the world's largest dredging company and enjoys absolute influence in China's coastal dredging market. After years of development, it has strong competitiveness in core equipment, professional advantage, technological strength, credit rating, public image and industry brand, and builds a full industry chain of planning, consultation, investment, design, construction and operation in the fields of port dredging, channel dredging, land reclamation, watershed management, pre-dredging and post-dredging services and environmental protection. Currently, the Group has the largest and most advanced fleet of dredging vessels in China and ranks the first in the global market in terms of the total number of trailing suction hopper dredgers and cutter suction dredgers.

## **(II) Advance towards a World's Leading "Sci-Tech" Enterprise**

The Group attaches great importance to technological innovation, continuously improves the technological innovation system and strengthens efforts to achieve breakthrough in core technologies. It is committed to improving the independent innovation capability, continuously deepening the technology system reform, enhancing technological innovation incentive and talent pool construction, taking multiple measures to promote the strategy of innovation-driven development and staying determined to advance towards a world's leading "sci-tech" enterprise by technological innovation.



The Group has established the leading group for technological innovation and core technology breakthrough and puts great efforts to overcome technology bottleneck. It has a “three-level and three-type” platform system that integrates fundamental application research, technology research and development, and engineering and industrialization research. Meanwhile, the Company builds the high-end technology think tank comprised of academicians of Chinese Academy of Engineering, to serves as the exterior brain, brain trust and think tank of the Company and the platform for introducing external high-end technology and promoting technology cooperation. Furthermore, the Company owns 15 post-doctoral research centres and 4 academician research centres and has systematically nurtured a pool of scientific experts and a professional innovation team by leveraging on 156 innovation platforms and the establishment of key scientific research projects and key engineering projects to create a “three-in-one” model integrating talents, teams and platforms to nurture scientific and technological talents team.

The Group insists on making breakthroughs in key and core technologies and has made a series of significant scientific and technological achievements in the fields of plateau permafrost, offshore deep-water port, deep-immersed submerged tube tunnel, long bridge construction, underwater tunnel, highway-railway bridge, deep-water submerged tube tunnel, installation and construction of wind power infrastructure. The Group has independently developed a number of strategic high-end equipment such as the heavy self-propelled cutter suction dredger “Tiankun” (天鯤號), the integrated ship with immersed tube floating and installation functions, and the ultra-deep and super-large vertical boring machine “Beijing Capital” (首創號). Applied technologies including BIM, Beidou satellite and high-resolution remote sensing witness rapid development and maintain the leading position in the domestic industry.

Over the years, the Group has been accumulatively awarded with 40 National Science and Technology Advancement Awards, 5 National Technological Invention Awards, 126 Luban Awards, 362 National Quality Project Awards (including 43 golden awards), 105 Zhan Tianyou Awards, 2 Chinese Golden Patent Awards and 33 Chinese Outstanding Patent Awards. The Company has accumulatively participated in the compilation of 133 national standards and 495 industry standards that have been promulgated.<sup>1</sup>

<sup>1</sup> Statistics from the awards received by CCCC and its subsidiaries.



In the future, the Group will coordinate innovation resources and strengthen research and development management. Guided by the national strategic needs and industrial upgrading, the Group will conduct core technology research and stimulate new momentum of science and technology innovation. We will continue to improve the quantity, quality and effectiveness of national innovation platforms and focus on forging national strategic science and technology strength. Based on the target of “focusing on priorities, consolidating advantages, addressing inadequacies and shoring up points of weakness”, it will make plans for major research and development directions of different hierarchies and classifications to step up efforts to make breakthroughs in key and core technologies, strive to consolidate and maintain its existing technological advantages, cultivate and enhance its emerging technological capabilities, aiming to solve bottleneck technology problems as soon as possible and moving towards a world’s leading “Sci-tech” enterprise in an all-out effort.

### **(III) New Achievements in Business Qualification**

The Company obtains several extra-grade, grade A and comprehensive grade A qualifications for the main businesses.

The Company has obtained a total of 55 extra-grade qualifications, including 16 extra-grade qualifications for general contracting of port and waterway engineering construction, 34 extra-grade qualifications for general contracting of highway project construction, 3 extra-grade qualifications for general contracting of architectural engineering construction and 2 extra-grade qualifications for general contracting of municipal utilities project construction. The Company now has obtained more than 1,200 qualifications for major engineering contracting and nearly 300 qualifications for engineering consulting, survey and design.

In 2022, the Company obtained a total of 21 grade A and extra-grade qualifications, including 4 extra-grade qualifications for general contracting of highway project construction and 4 extra-grade qualification for general contracting of port and waterway project construction. The acquisition of these 8 extra-grade qualifications will continue to consolidate the Company’s leading advantages in highway, port and waterway industries. At the same time, the Company reserved abundant professional qualifications in water conservancy and housing construction through merger and acquisition as well as other means, to create conditions for accelerating the entry into new business and new markets.

#### IV. BUSINESS OVERVIEW

In 2022, the complex global economic and political landscape and the continuous escalation of regional conflicts have significantly increased the unpredictability of the industry. However, with the coexisting of new opportunities and crises and the symbiosis of hope and challenges, the Company implemented the “three majors, two macros and two priorities” business strategy in depth and vigorously expanded the market, enabling the “big transportation” business continue to maintain the leading position in the industry, the market share of the “big city” business continue to increase, and its core advantages in the “rivers, lakes and seas” business continue to consolidate, and thereby gracing the “gold-lettered signboard” of CCCC in abroad. The main business of the Company has covered important strategic areas at home and abroad, and the core industrial clusters facing the world and focusing on construction are taking shape.

In 2022, the value of new contracts of the Group amounted to RMB1,542,256 million, representing a year-on-year increase of 21.64%, which was mainly due to the increased construction demand from roads and bridges, building construction, ecological and environmental protection, municipal engineering and other fields. We continuously improved the business structure, steadily expanded the scale of cash remittance and significantly enhanced the quality and efficiency of investment. As at 31 December 2022, the backlog of the Group amounted to RMB3,388,325 million.

The Company calmly responded to the changes and the uncertainty in development of different countries with firm strategic determination to properly grasp the opportunities and challenges in overseas markets. The value of new contracts of all businesses from overseas markets of the Group amounted to RMB216,782 million (equivalent to approximately USD33,592 million), accounting for approximately 14% of the Group’s new contracts value. Wherein, 30 new projects were entered into with each contract value of over USD300 million and a total contract value of USD18,579 million, accounting for 55% of total value of all overseas new contracts of the Group. Statistics showed that as at 31 December 2022, the Group operated businesses in 139 countries and regions.

The value of contracts of all businesses from infrastructure and other investment projects amounted to RMB211,633 million, of which RMB209,418 million for domestic market and RMB2,215 million<sup>2</sup> for overseas market as recognized in proportion to the Company's shareholding, and the contract value of construction and installation contracts to be undertaken by the Group in the design and construction sector was estimated to RMB183,578 million. During the Reporting Period, the Company approved investments of RMB231,427 million in domestic infrastructure and other investment projects, accounting for 83% of the annual plan.

## **(I) BUSINESS REVIEW AND MARKET STRATEGIES**

### **1. Domestic Market**

In 2022, following general principle of pursuing progress while ensuring stability, the whole country continued to consolidate the achievements made in the economic development, and the Chinese economy enjoys strong resilience, tremendous potential and great vitality. Indicators were well achieved, the fundamentals of economic development have been positive in the long run and GDP recorded a year-on-year growth of 3.0%. Fixed asset investment in infrastructure recorded a year-on-year growth of 9.4%. Specifically, investment in water conservancy management increased by 13.6% year on year; investment in public facility management increased by 10.1% year on year; investment in road transportation business increased by 3.7% year on year and investment in railway transport business increased by 1.8% year on year.

In 2022, under the environment of market demand contraction, supply shock and weakening expectations, commodity prices fluctuated at high levels and the downward pressure on the economy increased. In order to support the recovery of the domestic economy, China continued to implement proactive fiscal policies and prudent monetary policies to stabilize the economy. With the strategic idea of moderately advanced infrastructure investment, the market expectations of the infrastructure industry has been rising since the beginning of the year. Due to the repeated uncertainties in the external environment in the first half of the year, there were hidden worries in the market about the actual adequacy of capital in the infrastructure industry. Following the second quarter, as China's package of measures on stabilising growth continued to develop, the State Council's executive meetings have announced a series of measures to support infrastructure investment to play a supporting role in economic growth, making the overall expectation of the infrastructure construction industry rise steadily.

2. Projects signed by John Holland were excluded.

In 2022, bearing in mind the country's most fundamental interests, the Company firmly implemented the national strategy of strengthening the country through transportation. Its major projects such as the Urumchi-Yuli Highway, the Sichuan-Tibet Railway and the Shenzhen-Zhongshan Bridge created a number of "world's best", 18 Winter Olympics projects made brilliant debuts, and major projects such as Xiong'an Science and Technology Innovation City (雄安科創城) created a vivid template. Focusing on the "3060" dual-carbon target and relying on digital and intelligent management, the Company continued to build China's No. 1 brand in offshore wind power, actively participated in major strategies such as the protection of the Yangtze River, the ecological protection and high-quality development of the Yellow River Basin, promoted major strategies such as the governance of major rivers, lakes and reservoirs, and actively followed up a number of major national strategic projects including the Pinglu Canal (平陸運河). The Company has been playing an active role in the areas of rural revitalisation and urban renewal for the well-being of the people by fully aligning with the needs of economic and social development as well as the people to successfully implement a number of key projects with strong representative and influential effects, such as the municipal pipe network construction, old town renovation, and living environment and ecosystem upgrade. In addition, the Company promoted advanced technology to traditional industries and became the only central construction enterprise with two national engineering research centers upon selection of its Long Bridge Engineering Research Center (長大橋工程研究中心) and Dredging Technology and Equipment Research Center (疏浚技術裝備研究中心) into the National Science and Technology Innovation Base (國家科技創新基地), leading infrastructure construction to a new high end and making great strides on the road of strengthening the country with science and technology.

## **2. Overseas Market**

In 2022, the world economy recovered slowly and was generally characterized by "high inflation, low growth, tight monetary policies and high debt". The Russian-Ukrainian conflict has led to a profound evolution of the geopolitical landscape, and certain economies still have potential sovereign debt problems. Based on scientific and technological reform and industrial reform, high-quality economic and social development giving rise to many new industries and new models, the development of the infrastructure industry is facing a new round of integration, the demand for inter-regional transportation interconnection has increased, and major projects and high-quality projects are further clustered to the leading enterprises. The 9th anniversary of "the Belt and Road" initiative is full of good news. China's non-financial direct investment in countries along "the Belt and Road" in 2022 was RMB141,050 million, up 7.7% year-on-year, and the new contracted construction value was RMB871,840 million, with a turnover of RMB571,310 million.

In 2022, the Company continued to consolidate the foundation of interconnection cooperation, taking account of the advantages of the traditional main business and the expansion of emerging markets, forming a sound situation of diversification and making concurrent progress. The flagship project of China-Malaysia cooperation, the East Coast railway project in Malaysia, has achieved the successful completion of “one bridge and two tunnels (一橋兩隧)”, which has ushered in a new breakthrough in the construction of the project. A number of “big traffic” and “big city” projects such as Bakassi Port in Nigeria and Semarang Highway in Indonesia were successfully landed, and the ballast role of the advantageous main business continued to be vigorous. A number of environmental protection, sea wind and pipe network projects were successfully signed in Guangdong, Hong Kong, Macao, Vietnam and Pakistan, and new momentum was added to the development of emerging business.

The Company insists on the principle of “jointly negotiate, establish and share (共商共建共享)” and the goal of “building a shared future for mankind (構建人類命運共同體)”, takes “heart-to-heart bridge(連心橋)”, “road to wealth (致富路)”, “developed port (發展港)”, “happy city (幸福城)” and “Chinese equipment (中國裝備)” as target, plans and implements the livelihood projects along “the Belt and Road” at a high level to benefit the governments of two countries and local society with new contracts of USD16,646 million signed in 2022, and firmly promotes the development of overseas business in the direction of “high quality, benefiting people’s livelihood and sustainability (高質量、惠民生、可持續)”.

### **3. Business Summary**

#### **(1) Infrastructure Construction Business**

The scope of infrastructure construction business mainly consists of investment, design, construction, operation and management of ports, roads and bridges, railways, water conservancy and hydropower, urban rail transit, municipal infrastructures, buildings, environmental protection and related projects at home and abroad. Categorised by project type, it specifically covers port construction, road and bridge construction, railway construction, urban construction, and overseas projects.

In 2022, the value of new infrastructure construction contracts entered into by the Group amounted to RMB1,367,070 million, representing a year-on-year increase of 21.48%. Wherein, the value of new contracts from overseas markets amounted to RMB208,641 million (equivalent to approximately USD32,331 million); the confirmed value of contracts from infrastructure and other investment projects amounted to RMB210,067 million, and the value of construction and installation contracts to be undertaken by the Group was estimated to be RMB182,057 million. As at 31 December 2022, the backlog amounted to RMB3,028,916 million.

Categorised by project type and location, the value of new contracts in terms of urban construction, road and bridge construction, overseas projects, port construction and railway construction amounted to RMB678,981 million, RMB357,875 million, RMB208,641 million, RMB76,700 million and RMB44,873 million, representing 50%, 26%, 15%, 6% and 3% of the total value of new infrastructure construction contracts, respectively.

### ① *Port Construction*

As the largest port and waterway design construction enterprise in China, the Group has undertaken a majority of medium and large port terminals and certain inland waterways since the founding of the PRC. With compelling competitive edges, the Group encountered relatively limited substantive competitors.

In 2022, the value of new contracts of the Group for port construction projects in Mainland China amounted to RMB76,700 million, representing a year-on-year increase of 59.32%, and accounting for 6% of that of the infrastructure construction business.

Data published by the Ministry of Transport showed that fixed asset investment in coastal and inland water transport construction amounted to approximately RMB146,681 million from January to November 2022, representing a year-on-year increase of 10.1%. Investments focused on important unloading bases of crude energy materials, key coastal container ports, upgrading and reconstruction of automated terminals and construction of high-grade inland waterway network. The Group continued to participate in national strategic projects around the construction of key projects such as international hub seaports, north-south sea transportation channels and national high-grade waterway networks. The Group participated in the construction of the Pinglu Canal to open up a new channel with the shortest sea path for the southwest and northwest regions of China. We have successfully completed the construction of the fully automated terminal in Nansha Port Area of Guangzhou Port (Phase 4), the terminal project of Zhejiang Oriental Cable, and the main project of the terminal of Jiangsu Binhai LNG project, continuously improving the regional water transportation capacity and accelerating the digital transformation and upgrading of the port.

### ② *Road and Bridge Construction*

As one of the largest road and bridge construction enterprises in China, the Group enjoys remarkable technical and scale advantages in construction of expressways, high-grade highways as well as river-crossing and sea-crossing bridges. Major competitors of the Group are some large-scale central enterprises and local state-owned infrastructure enterprises.



In 2022, the value of new contracts of the Group for road and bridge construction projects in Mainland China reached RMB357,875 million, representing a year-on-year increase of 15.12%, and accounting for 26% of that of the infrastructure construction business. Wherein, the confirmed value of contracts from infrastructure and other investment projects amounted to RMB71,491 million.

Data published by the Ministry of Transport showed that fixed asset investment in road transport construction amounted to approximately RMB2,616,843 million from January to November 2022, representing a year-on-year increase of 9.1%. During the “14th Five-Year Plan” period, China will construct its expressways with a target of accelerating the construction of a country with strong transportation network and guided by developing integrated and multi-dimensional transportation networks. China will alleviate the imbalance of road network development needs between regions, so as to enhance the quality of national expressway networks and develop a modern and integrated transportation system. From the perspective of market layout, Guangdong, Hong Kong and Macao, the Yangtze River Delta, Central China, Northeast China, Northwest China and Beijing-Tianjin-Hebei regions have a relatively broad market.

In 2022, the Company has entered a mature stage in the construction of highways and large bridges, and is the market leader in the same industry in China, with significant advantages in the whole industry chain of infrastructure. Following the construction of a country with strong transportation network and a national integrated and multi-dimensional transportation networks, the Company focused on the incremental markets of comprehensive transportation hubs, highway municipalization, smart transportation and “transportation + new energy”, and has continuously won a number of high-quality highway contracting projects such as G1816 Wuhai-Maqin Cooperation-Saierlong Expressway, Chongqing Dianfengwu Expressway and Fuzhou Airport Second Expressway. The Company continued to lead the core technology of long bridges and long-diameter shields, created many “world’s best (世界之最)” showpiece, and successfully won the tender for the world’s largest span bridge – Zhanggao Cross-river Channel, the world’s largest span double-layer steel truss girder suspension bridge – Shiziyang Cross-river Channel, the world’s largest cross section highway underwater shield tunnel – Haitai Yangtze River Tunnel, the world’s longest undersea highway tunnel – Qingdao Jiaozhou Bay Second Subsea Tunnel, with the world’s leading technology level, constantly refreshing the world record in road and bridge construction.



### ③ *Railway Construction*

As one of the largest railway construction enterprises in China, the Group has developed into the main force of China's railway construction by virtue of its outstanding construction level and excellent management capability, but a large gap still exists between the Company and two domestic traditional railway infrastructure enterprises in terms of market shares in China. However, as to the overseas market, the Company has successfully entered into the railway construction markets in Africa, Southeast Asia, etc., and several major railway projects have been completed or operated or are under construction by the Company, showing vital market influence.

In 2022, the value of new contracts of the Group for railway construction projects in Mainland China reached RMB44,873 million, representing a year-on-year increase of 79.45%, and accounting for 3% of that of the infrastructure construction business. Wherein, the confirmed value of contracts from infrastructure and other investment projects amounted to RMB200 million.

In 2022, the railway business focused on improving the construction of the “eight verticals and eight horizontals” high-speed railway network, actively promoting intercity railways, accelerating the development of urban railways, enhancing the road network layout, and implementing a number of major projects such as the Sichuan-Tibet Railway, high-speed railways along the Yangtze River and the International Land-Sea Trade Corridor, and projects that strength trunk line corridors and improve the coordination between stations and railway lines to fix weakness. The Company has formed a full industry chain layout of rail transportation business around investment and financing, survey and design, equipment manufacturing, operation and maintenance. The Company has mastered the research and development and manufacturing of tunnel boring machine and super-large diameter shield machine, construction of highway-railway bridge, intelligent laying of tracks and other characteristic technical advantages. Relying on the Company's industrial advantages in highways and airports, the Company innovated to build “rail+” integrated urban operation solutions. The Company followed the national strategy closely, promoted the construction of Sichuan-Tibet Railway with high quality, and successfully won the bidding for the construction projects of Xiong'an New Area-Xinzhou (Hebei section) high-speed railroad and Shanghai-Nantong (Taicang-Situan section) railroad, polishing the brand of “CCCC Railway”.

#### ④ *Urban Construction*

The Group actively participated in urban construction for urban rail transit, buildings and utility tunnel system extensively, with considerable influence in the market. Meanwhile, the Company accelerated the layout of emerging industries, such as ecological and environmental protection, urban water environment treatment, etc., and endeavored to cultivate new growth points.

In 2022, the value of new contracts of the Group for urban construction projects in Mainland China reached RMB678,981 million, representing a year-on-year increase of 27.63%, and accounting for 50% of that of the infrastructure construction business. Wherein, the confirmed value of contracts from infrastructure and other investment projects was RMB136,161 million.

Categorised by project type, the value of new contracts for building construction, municipal engineering, comprehensive urban development, urban rail transit, environmental improvement, water conservancy and hydropower and other projects accounted for 33%, 20%, 18%, 8%, 5%, 2% and 14%, respectively, of the value of new contracts for urban construction projects.

We accelerated new urbanization process, and urban construction ushered in new challenges and opportunities. People's livelihood projects released new momentum for the development of the industry, and the market demand for the old community renovation, collective rental house, affordable house, hospitals and schools, public services continued to increase. Under the strategy of double carbon target, the way of housing construction transformed quickly, and digital construction, green construction and construction industrialization developed fast. According to the National Bureau of Statistics, the urbanization rate of the country's resident population grew to 65.22% by the end of 2022, and the gathering of urban population put forward higher requirements for public supporting facilities, and the market demand for urban renewal, comprehensive development of underground space, intelligent parking and pipe network renovation continued to be released.

In 2022, the Company catered to a new round of demands for district development and construction brought by the strategy of new type of urbanization, national land space planning and adjustment and urban renewal actions. The Company signed a number of large urban complex projects such as Comprehensive Development Project of Yangliuhu Area of Chengdu IC Valley Industrial Park (成都芯谷楊柳湖片區), Foshan Shunde District Lunjiao Double Smart Industrial Park (佛山市順德區倫教雙智產業園), Jimo International Lugang Lingang Industrial Park (即墨國際陸港臨港產業園). The Company continued to mature the development model and expand the operation scale. Focusing on the needs of people's livelihood and taking up its corporate responsibility, the Group has signed resettlement housing projects in Xiong'an, Chengdu and Haikou, and promoted hospital renovation and expansion projects in Shanghai, Tianjin, Wuhan and Zhangjiakou, so as to deepen and expand in the field of livelihood housing construction. The Company developed in segments with high technology contents such as complex urban transportation, integrated pipe gallery and smart parking. The Company implemented a series of municipal projects including Chongqing West (International) Digital Economy Industrial Park, Wuhan Dual-lake Tunnel Project (southern lake section), Traffic & Rad Reconstruction in Yinzhou District, Ningbo to improve the level of urban modernization and work together to build livable, resilient and smart cities. The Company is committed to building a beautiful China and has participated in hydrological treatment, sewage treatment, water supply and irrigation, and mine rehabilitation projects in Fujian, Hunan and Sichuan provinces. Focusing on the dual-carbon target and building a professional platform of "CCCC Offshore Wind Power (中交海風)", the Company has obtained a number of national leading offshore construction and operation and maintenance technologies. In 2022, the contract value of wind power generation and construction business reached RMB17,245 million, initially showing the scale effect of emerging businesses.

#### ⑤ *Overseas Projects*

The Group's scope of overseas projects in the infrastructure construction business includes all kinds of large-scale infrastructure projects such as roads and bridges, ports, railways, airports, environmental protection, subways, buildings, etc., with remarkable competitive edges in the market.

In 2022, the value of new contracts of the Group for overseas projects in the infrastructure construction business amounted to RMB208,641 million (equivalent to approximately USD32,331 million), accounting for 15% of that of the infrastructure construction business.

Categorised by project type, the value of contracts for roads and bridges, urban construction, railways, ports, environmental protection and others accounted for 33%, 20%, 13%, 10%, 8% and 16% of the value of new contracts for overseas projects, respectively.

Categorised by project location, the value of new infrastructure construction contracts for Africa, Southeast Asia, Oceania, Eastern Europe and Southeastern Europe, Hong Kong, Macau and Taiwan, and other regions accounted for 28%, 22%, 15%, 9%, 6% and 20% of the value of new contracts for overseas projects, respectively.

Based on a global perspective and taking advantage of its main business, the Company actively cooperated with and served national strategies, precisely dovetailed with the deployment of “the Belt and Road” initiative, and made every effort to promote the interconnection of transportation infrastructure and improve people’s livelihood along the routes, actively contributed Chinese wisdom and Chinese solutions. In 2022, Cambodia’s first expressway, the Golden Port Expressway, was opened to traffic as scheduled, and the leaders of China and Cambodia jointly attended the opening ceremony of the project and the handover ceremony of the supporting livelihood projects; the “Guofu Tunnel (國父隧道)” in Bangladesh, the Kanapuri River Tunnel, was completed in two lines; the largest economic and trade cooperation project between China and Malaysia on “the Belt and Road”, the Genting Tunnel (雲頂隧道) of the East Coast Railway of Malaysia, began to bore, and a nodal breakthrough was made in key control works; on the 30th anniversary of the establishment of diplomatic relations between China and Croatia, the Peljesac Bridge, known as the “Bridge of Solidarity (團結之橋)” in Croatia, was successfully handed over, all of which created a model of complementary and mutually beneficial cooperation between China and Europe; the signing of Maya Railway in Mexico, Integrated Port in Chancay, Peru and other landmark projects and the steady progress of Phase III of Laem Chabang Port in Thailand, Jazan City for Primary and Downstream Industries Port in Saudi Arabia, Tangier Tech City in Morocco and other key projects demonstrated the Company’s strong integrated and comprehensive service capabilities.

In 2022, the Company steadily promoted the international development and the pilot of localization and separate operations. Cumulative new contracts in the Middle East exceeded USD3 billion in the past three years, and the newly established Saudi Arabia company helped to achieve further success in market development. The coordination of major projects was strongly promoted. We optimized the business structure with larger contracting projects and stronger investments, enhanced the operating structure continuously and controlled the investment risks effectively. We accelerated the digital transformation, broke through a number of key technologies of Beidou high-precision positioning and systematically built an overseas safety service platform. We coordinated the construction of overseas “smart site (智慧工地)” control platform, and the refinement and digital transformation of the projects under construction took a new step. The Company has done well in the prevention and control of overseas risks, accelerated the improvement of overseas compliance systems, conducted comprehensive checks on overseas operation risks and implemented list management by levels and classification.

## **(2) *Infrastructure Design Business***

The scope of infrastructure design business mainly includes consulting and planning service, feasibility study, survey and design, engineering consultancy, engineering measurement and technical research, project management, project supervision, general project contracting, compilation of industry standards and codes, etc.

As the largest port design enterprise in China, as well as the world's leading highway, bridge and tunnel design enterprise, the Group enjoys remarkable competitive edges in related business fields. As compared with the Group, other participants in the market have relatively weak competitiveness. However, more and more competitors are flooding into the medium and low-end markets, leading to the intensification of market competition.

In terms of the railway infrastructure design business, the Group has entered into the market during the “11th Five-Year Plan” period, and its operations mainly involve overseas railway projects and domestic rail transit projects.

In 2022, the value of new contracts of the Group in infrastructure design business reached RMB54,899 million, representing a year-on-year increase of 23.35%. Wherein, the value of new contracts from overseas markets amounted to RMB1,358 million (equivalent to approximately USD210 million). As at 31 December 2022, the backlog amounted to RMB148,112 million.

Categorised by project type, the value of new contracts for EPC general contracting, survey and design, project supervision, and other projects (including PPP projects) amounted to RMB27,139 million, RMB17,660 million, RMB1,039 million and RMB9,061 million, representing 49%, 32%, 2% and 17% of the value of new contracts for infrastructure design business, respectively. For the corresponding period of 2021, the value of new contracts of the above items accounted for 58%, 26%, 2% and 14% of the value of new contracts for infrastructure design business, respectively.

In 2022, the Company continued to strengthen the role of ballast stone of traditional infrastructure design business, it attached importance to the traction role of high-end planning and consulting in market development, so as to seize preemptive advantage over competitors and create markets with high-quality technical solutions. In terms of water transportation business, the Company focused on “dual carbon target” and successfully signed a number of LNG terminal upgrading and reconstruction projects in Guangxi Province, Guangdong Province and Anhui Province around the construction of new energy ports to promote the green transformation of energy structure. The Company focused on the upgrading and reconstruction of seaports and inland waterways, and signed key projects such as the survey and design of Jinniu Terminal in Jiangsu Province’s Rudong Yangkou Port Economic Development Zone, the general contract for the preliminary work of the 200,000-ton waterway project in Guangzhou Port, the waterway improvement project in Shanghai’s Youdun Port, and the design of the expansion and upgrading project of the Beijiang Waterway in Guangdong Province, and continued to consolidate its market share in its traditional main business. In terms of road and bridge business, the Company gave full play to its absolute leading edge in highway design, landing a number of highway projects with strong regional influence, such as the construction of the G216 line from Hongshanzui Port to Altay Highway, the Chongqing-Hunan High-speed Railway and the Qinglan National Expressway Changzhi-Yan’an Linking-up Road. In response to the national strategy of “rural revitalization”, the Company signed a number of rural road construction contracts in Wenzhou, Jinan and Xiamen to expand its sinking market share. In terms of urban business, the Company continued to cultivate cities and operate at the city, and signed EPC survey and design contracts for the Huangpu Research Institute Construction Project in Guangdong University of Foreign Studies, the comprehensive development project of International Exhibition Industrial Park in Gaoping District of Nanchong City, and the Intelligent Logistics Industrial Park of CCCC Xiaoyangkou. In terms of emerging industry, the Company continued to build the “CCCC Sea Wind” brand and carry out offshore wind power survey, supervision and consulting in Yangjiang, Putian, Zhangzhou, Wenzhou and other parts of China. In terms of overseas business, the Company has been at the forefront of the “going out” strategy, winning a number of regionally influential survey, design and consulting projects in Indonesia, Philippines, Guinea and other countries and regions.

### **(3) *Dredging Business***

The scope of dredging business mainly includes infrastructure dredging, maintenance dredging, environmental dredging, reclamation and watershed management, as well as supporting projects related to dredging and land reclamation.

As the largest dredging enterprise in China and even in the world, the Group enjoys absolute influence in China’s coastal dredging market.



In 2022, the value of new contracts of the Group in dredging business reached RMB106,654 million, representing a year-on-year increase of 22.17%. Wherein, the value of new contracts from overseas markets amounted to RMB5,678 million (equivalent to approximately USD880 million), the confirmed contract value from infrastructure and other investment projects amounted to RMB1,566 million, and the value of construction and installation contracts to be undertaken by the Group was estimated to be RMB1,522 million. As at 31 December 2022, the backlog amounted to RMB204,832 million.

In 2022, the Group continued to optimize its asset structure by investing in the construction and acquisition of major dredging vessels and equipment, eliminating some old and inefficient outdated vessels, optimizing the dispatching mechanism of equipment such as cutter suction dredgers to improve the construction utilization rate. Currently, the Group has the largest and most advanced fleet of dredging vessels in China and ranks in the forefront in the global market in terms of the total number of trailing suction hopper dredgers and cutter suction dredgers. As at 31 December 2022, the Group's dredging capacity amounted to approximately 782 million cubic meters under standard operating conditions.

National coastal investment gradually slowed down and the traditional reclamation business was relatively sluggish due to the impact of water transport and environmental protection policies. However, as the country rolled out the blueprint for “four horizontals, four verticals and two networks” and the green development concept was widely accepted, smart upgrading of coastal ports, improvement of high-grade inland waterways, ecological improvement and protection of watershed brought out new market opportunities.

In 2022, the Company fully consolidated the market advantages of its main business and successfully completed the “number one project” of Guangzhou international shipping hub – the Widening Project of Deep Waterway in Guangzhou Port, further promoting the interconnection of Guangdong-Hong Kong-Macao Greater Bay Area. The Company signed traditional business key projects such as Meishan Port Seawall and Land Infrastructure Project, Construction of Guangzhou Port Nansha International General Terminal Dredging and Filling and Ground Improvement Project Area I, and Nantong Port Sanjiasha South Waterway Engineering Construction Project. To promote green development and build a beautiful China, the Company actively put efforts in the large ecological and environmental protection and water resources incremental market, promoting the implementation of a number of target-oriented key projects with global drive, such as the Comprehensive Ecological Management Project in Datong City, the Water Environment Ecological Restoration Project in Jiushui, Jiaxing, and the Ecological and Environmental Transformation of the Three-Rivers and Six-Shores in Guiping.

#### **(4) Other businesses**

In 2022, the value of new contracts of the Group in other businesses amounted to RMB13,633 million, representing a year-on-year increase of 27.00%. As at 31 December 2022, the backlog amounted to RMB6,465 million.



**4. Some Major Contracts Entered into during the Reporting Period (Unit: RMB100 million)**

**(1) Infrastructure Construction Business**

**Port Construction**

<b>No.</b>	<b>Contract Name</b>	<b>Contract Value</b>
①	Infrastructure Key Projects in Zhoushan, Ningbo City	88.99
②	Underground Pipe Gallery Design and General Contracting Project for Long-distance Transportation of Bulk Materials of Caofeidian Area, Hebei Province	19.66
③	Waterway New Energy Shipbuilding Project in Jining City	19.40
④	General Terminal Design and General Contracting Project of Nanhai Operating Area of Huilai Coastal Port, Jieyanggang, Guangxi Province	14.35
⑤	No. 1 Berth in Chisha Operation Area of Qisha Port, Fangchenggang, Guangxi Province (Phase I)	12.20

**Road and Bridge Construction**

<b>No.</b>	<b>Contract Name</b>	<b>Contract Value</b>
①	PPP Project of Pingnan-Rongxian Section of Guangxi Province Quanzhou-Rongxian Highway	127.55
②	PPP Project of Pingnan-Cenxi Northern Section of Guangxi Province Quanzhou-Rongxian Highway	95.71
③	PPP Project of Gansu-Qinghai Boarder of G1816 Wuhai-Maqin Expressway Cooperation to Saierlong in Gansu Province	85.64
④	Renovation and Expansion Works of G85 Yinchuan- Kunming Expressway, Sichuan-Chongqing Boarder of Chongqing High-tech Zone to Rongchang Section of G93 Chengdu-Chongqing Ring Expressway and PPP Project of Dianjiang-Fengdu-Wulong Expressway in Chongqing	71.60
⑤	Second Expressway Project of Fuzhou Airport	67.04

### Railway Construction

No.	Contract Name	Contract Value
①	General Construction Contracting Project of Shenzhen-Huizhou Intercity Dapeng Branch Line Project	134.86
②	Section CZSCZQ-13A of Pre-Station Project of Middle Section within Ya'an-Linzhi Section of the New Sichuan-Tibet Railway	49.31
③	Section CZSCZQ-13B of Pre-Station Project of Middle Section within Ya'an-Linzhi Section of the New Sichuan-Tibet Railway	40.51
④	Section XCTJ11 of Pre-Station Project of Gansu-Qinghai Section of the New Xining-Chengdu Railway	25.50
⑤	Pre-Station Project of Jiujiang-Nanchang Section of the New Beijing-Hong Kong High Speed Railway	25.21

### Urban Construction

No.	Contract Name	Contract Value
①	Comprehensive Development Project of the North Area of Wenzhou Zhenan Sci-tech City, Zhejiang Province	202.95
②	Comprehensive Development Project of Yangliuhu Area of Chengdu IC Valley Industrial Park, Chengdu City, Sichuan Province	162.09
③	Phase II of Project of Harbin Rail Transit Line 3	150.02
④	Construction Project of Vocational Education Center in Liaocheng High-tech Zone, Shandong Province	125.00
⑤	General Construction Contracting Project of Phase I of Jinan Rail Transit Line 8	97.88

### Overseas Projects

No.	Contract Name	Contract Value
①	Pozega-Duga, Irla Section Project of the E763 Expressway in Serbia	116.16
②	Phase I of Bakassi Port Project in Nigeria	64.39
③	Section 1 of the Maya Railway Project in Mexico	56.20
④	Tunnel Project of Eastern in West Line of Sydney Metro	51.20
⑤	Reclamation Project in Manila Bay, Philippines	44.10

**(2) Infrastructure Design Business**

<b>No.</b>	<b>Contract Name</b>	<b>Contract Value</b>
①	EPC Survey and Design General Contracting Project of Huangpu Research Institute Construction Project in Guangdong University of Foreign Studies	17.05
②	Project of Nanning Second Ring (Southern Section and Wulong Road Extension Section) Expressway	11.97
③	Highway Construction Project of G216 Hongshanzui Port-Altay in Xinjiang	9.09
④	Education, Science and Research Base for New Energy Industry and Other Projects in Yibin, Sichuan Province	8.45
⑤	Construction Project of Shimenao Berth, Xiuyu Port, Meizhou Bay of Fujian Dongrong Warehouse Co., Ltd.	8.34

**(3) Dredging Business**

<b>No.</b>	<b>Contract Name</b>	<b>Contract Value</b>
①	Comprehensive Ecological Management Project in Datong City, Shanxi Province	59.13
②	Seawall and Land Formation Project of Meishan Port in Ningbo City	38.58
③	Design and General Contracting Project of Section (Phase III) of Land Reclamation Works for Ethylene Project (Lot II) in Huizhou, Guangdong Province	17.06
④	Design and General Contracting Project of Water Environment Ecological Restoration Project (Phase I) in Jiushui, Jiaxing City, Zhejiang Province	13.80
⑤	Design and General Contracting and Operation Project of Quality and Efficiency Improvement of Central City Wastewater Treatment in Yunxiao County, Fujian Province	13.32

## (II) MAJOR PRODUCTION AND OPERATIONAL DATA

### 1. Values of Contracts Newly Entered into during the Reporting Period (RMB100 million)

Business segment	October –		Accumulated in 2022		Accumulated in the corresponding period of 2021	Year-on-year change
	Number	Value	Number	Value	Value	(%)
<b>Infrastructure construction</b>						
<b>business</b>	766	4,637.30	3,196	13,670.70	11,253.68	21.48
Port construction	70	257.12	633	767.00	481.43	59.32
Road and bridge construction	166	1,175.55	609	3,578.75	3,108.77	15.12
Railway construction	10	93.09	56	448.73	250.06	79.45
Urban construction	414	2,438.02	1,598	6,789.81	5,319.83	27.63
Overseas projects	106	673.52	300	2,086.41	2,093.59	(0.34)
<b>Infrastructure design</b>						
<b>business</b>	1,190	146.18	5,436	548.99	445.08	23.35
<b>Dredging business</b>	185	280.45	777	1,066.54	873.01	22.17
<b>Other businesses</b>	N/A	37.02	N/A	136.33	107.35	27.00
<b>Total</b>	<u>N/A</u>	<u>5,100.95</u>	<u>N/A</u>	<u>15,422.56</u>	<u>12,679.12</u>	<u>21.64</u>

***Values of infrastructure construction contracts newly entered into outside the PRC during the Reporting Period (RMB100 million)***

<b>Region of projects</b>	<b>Number of projects</b>	<b>Total value</b>
Africa	99	590.09
Southeast Asia	76	434.42
Oceania	23	319.51
Eastern Europe and Southeastern Europe	6	182.05
Hong Kong, Macau, Taiwan and other regions	96	560.34
<b>Total</b>	<b>300</b>	<b>2,086.41</b>

*Note:* The above data of infrastructure construction business was calculated by region.

**2. Completed and Accepted Projects during the Reporting Period (RMB100 million)**

<b>Total number of projects</b>		<b>N/A</b>
<b>Total project value</b>		<b>1,981.83</b>
	<b>Number</b>	<b>Value</b>
<b>Categorised by region</b>	Domestic	1,810.74
	Overseas	171.08
<b>Categorised by business type</b>	Infrastructure construction business	1,612.26
	Infrastructure design business	103.07
	Dredging business	224.56
	Other businesses	41.94

*Note:* Calculated based on projects whose main construction has been completed or projects that have generated more than 95% of their output.

### 3. Projects under Construction during the Reporting Period (RMB100 million)

Total number of projects	N/A
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Total project value	43,215.82
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		Number	Value
Categorised by region	Domestic	N/A	34,381.07
	Overseas	N/A	8,834.76
Categorised by business type	Infrastructure construction business	6,006	38,398.28
	Infrastructure design business	32,789	2,571.97
	Dredging business	1,850	2,041.93
	Other businesses	N/A	203.64

### 4. Outstanding Projects during the Reporting Period (RMB100 million)

	Contracted but not yet commenced	Under construction and not yet completed
Total number of projects	N/A	N/A
Total project value	10,988.51	22,894.75

		Number	Value	Number	Value
Categorised by region	Domestic	N/A	7,991.96	N/A	18,617.17
	Overseas	N/A	2,996.55	N/A	4,277.58
Categorised by business type	Infrastructure construction business	1,659	9,719.22	4,291	20,569.94
	Infrastructure design business	565	274.58	18,524	1,206.54
	Dredging business	1,396	940.23	994	1,108.09
	Other businesses	N/A	54.48	N/A	10.18

## **5. Infrastructure and Other Investment Projects (the Statistics are on the Basis of Consolidated Items)**

In 2022, China adheres to the policy tone of “make moderate infrastructure investment ahead of schedule”, special local government bonds were issued as usual primarily for infrastructure construction purpose, the expansion of public REITs for infrastructure is in an orderly manner, and policy-oriented developmental financial instruments are accelerating, injecting growth momentum into the infrastructure investment sector. Technological progress in the field of new energy and new infrastructure to stimulate investment potential, the implementation of the new urbanization program and rural revitalization strategy has given rise to a new “blue ocean” of infrastructure investment, infrastructure investment as the national economy “ballast” status continues to be solidified.

The Company returned to the origin of value investment with the first goal of “becoming stronger and better”. On the premise of a full identification of investment risks, it will give priority to regions with good business environment where debt level was low, focus on principal businesses and on specialties, and reasonably coordinate the investment project cycle to form sustainable investment capability. The Company has landed a series of high-quality road and bridge projects, such as the Fengqiu-Xiuwu Section of Changyuan-Xiuwu Expressway in Henan Province, Zhengzhou-Huixian Expressway in Henan Province, Anyang-Xinxiang and Hebi-Xinxiang Section of Expressway in Henan Province, and the advantages of the main business in the field of “big transportation” have been consolidated. The Company participated in major projects with regional influence, such as the Comprehensive Development Project of Pan Central Vitality Zone in Jinan, the Comprehensive Development Project of Junshan New City in Wuhan Economic Development Zone, and the Urban Renewal Project in the Area of Qiezixi Port, Dadukou District, Chongqing, etc. The investment model in the field of “big city” continues to mature and the quality and efficiency of investment continues to improve. In key regions such as Guangdong-Hong Kong-Macao, Yangtze River Delta and West Side of the Strait, the Company has participated in a number of eco-environmental transformation projects, practicing the concept of sustainable development in the field of “rivers, lakes and seas”.

In 2022, the Company strengthened top-level design and coordination to guide all kinds of resources to invest in key businesses and areas, and to prevent industrial, regional and model-related system risks; improved system construction through comprehensively reviewing and upgrading the existing systems and establishing a unified investment system covering the entire process; strengthened lifecycle management by emphasizing on project selection, strict pre-investment review, enhancing intra-investment management and control, proper risk defusion and severe accountability for negligence, in an effort to steadily improve project quality and business structure.



**(1) *New Contracts of Infrastructure and Other Investment Projects***

In 2022, the Company actively adjusted market development and operation strategies according to macro policies, followed the main direction of “controlling the total, improving the structure, managing the risk and improving the quality and efficiency”, and focused resources on key projects, important regions, major markets and short- and mid-cycle projects. The confirmed value of contracts from infrastructure and other investment projects was RMB211,633 million. The value of construction and installation contracts to be undertaken was estimated to be RMB183,578 million, among which, the confirmed values of contracts from BOT projects, government paid projects and urban comprehensive development projects were RMB21,399 million, RMB78,893 million and RMB111,341 million respectively, accounting for 10%, 37% and 53% of that of infrastructure and other investment projects respectively.

**(2) *Government Paid Projects and Urban Comprehensive Development Projects***

The accumulative completed investment in government paid projects by the Group amounted to RMB314,227 million with cumulatively RMB54,839 million recovered.

The accumulative completed investment in urban comprehensive development projects by the Group amounted to RMB150,414 million with recovered/sales amount of RMB137,559 million received by the Group accumulatively.

**(3) *Concession Projects***

As at 31 December 2022, according to statistics of the consolidated items contracted and financed by the Group (the latest statistics shall prevail if there was any change), the accumulative completed investment in concession projects amounted to RMB216,640 million. 33 concession projects together with 29 share-participation projects had been put into operation, and the operating revenue and net loss for the year was RMB7,069 million and RMB1,950 million, respectively. The audited uncompleted investment amounted to RMB84,425 million.

① *Infrastructure and Other Investment Projects Newly Entered into (RMB100 million)*

No.	Project Name	Project Type	Total Investment Budget Estimate	Contract Value according to Shareholding Ratio of the Company	Expected Construction and Installation Contract Value	Operating Project or Not	Consolidated or Not	Construction Period (Year)	Toll Collection/ Operation Period (Year)
1	Comprehensive Development Project of the North Area of Wenzhou Zhenan Sci-tech City	Comprehensive urban development	225.42	202.95	157.42	Yes	Yes	9	5
2	Comprehensive Development EOD Project of Yangliuhu Area of Chengdu IC Valley Industrial Park	Comprehensive urban development	208.90	162.09	140.91	Yes	Yes	8	17
3	PPP Project of Liuzhou-Pingnan-Cenxi Highway (North Pingnan-Cenxi Section)	PPP	133.00	133.00	95.00	Yes	No	4	30
4	PPP Project of Quanzhou-Rongxian Highway (Pingnan-Rongxian Section) in Guangxi	PPP	126.17	127.55	85.20	Yes	Yes	4	30
5	Project of Big Data science and technology innovation city in Guiyang	Comprehensive urban development	117.48	86.25	95.00	Yes	Yes	5	4
6	PPP Project of Gansu-Qinghai Boarder of G1816 Wuhai-Maqin Expressway Cooperation to Saierlong in Gansu Province	PPP	169.59	85.81	115.66	Yes	Yes	4	40
7	Urban Renewal Project of Port Area in Qiezixi, Dadukou District, Chongqing Municipality	Comprehensive urban development	81.63	81.63	31.65	Yes	Yes	5	5
8	PPP Project of G85 Yinchuan-Kunming Expressway, Improvement and Expansion Project of Gaoxin District-Rongchang District (Sichuan-Chongqing Border) Section in Chongqing of G93 Chengdu-Chongqing Regional Ring Expressway and Dianjiang-Fengdu-Wulong Expressway in Chongqing Municipality	PPP	511.41	74.16	53.13	Yes	No	5	30
9	Urban Renewal and Comprehensive Improvement Project of Renmin Avenue (Yunyan Section), Guiyang City	Comprehensive urban development	65.34	64.69	23.78	Yes	Yes	6	1
10	Comprehensive Development Project of Pan-Central Activities Zone in Central District, Jinan City	Comprehensive urban development	71.67	64.50	42.58	Yes	Yes	6	1
11	Comprehensive Development Project for Longhu Area in Longgang City, Zhejiang Province	Comprehensive urban development	57.98	52.18	43.75	No	Yes	5	5
12	Settlement Housing Project of College District in Jiangdong New District, Haikou	Comprehensive urban development	52.21	49.60	30.50	No	Yes	3	2
13	Urban Renewal Project of Shuangzhi Industrial Park in Lunjiao Street, Shunde District, Foshan City	Comprehensive urban development	52.57	47.50	—	Yes	Yes	6	2

No.	Project Name	Project Type	Total Investment Budget Estimate	Contract Value according to Shareholding Ratio of the Company	Expected Construction and Installation Contract Value	Operating Project or Not	Consolidated or Not	Construction Period (Year)	Toll Collection/ Operation Period (Year)
14	Comprehensive Development Project of the International Exhibition Industrial Park in Gaoping District, Nanchong City	Comprehensive urban development	48.51	46.84	39.30	Yes	Yes	5	5
15	Phase I of New Urbanization Construction PPP Project of Yingchengzi Area in Ganjingzi District, Dalian City	PPP	63.65	41.37	38.36	Yes	Yes	8	10
16	Supporting Project of (International) Digital Economy Industrial Park(West District) in the West of Chongqing	Comprehensive urban development	42.23	39.65	28.62	Yes	Yes	6	2
17	Comprehensive Construction and Development Project of the East Area of Ruyi Lake in the China-SCO Local Economic and Trade Cooperation Demonstration Area	Comprehensive urban development	46.82	39.04	40.14	Yes	Yes	6	4
18	Project of Fengqiu-Xiuwu Section of Changyuan-Xiuwu Highway in Henan	BOT	115.40	36.85	43.13	No	No	3	5
19	Road Renovation and Improvement Project of Yinzhou District and Development Project for Wangjianong Area in Ningbo City	Comprehensive urban development	33.41	31.30	21.46	No	Yes	3	5
20	Zhang Jinggao Yangtze River Bridge Main Construction and Equity Investment Project (Phase I) in Jiangsu	BOT	311.66	31.17	–	Yes	No	6	25
21	Concession Project of Long-distance Centralized Heat Supply Project (Phase I) of Huaguang Power Plant-Lvliang City in Liulin	BOT	38.28	30.62	31.86	Yes	Yes	2	25
22	Urban Renewal Project of Gongda Area in Baiyun District, Guiyang City	Comprehensive urban development	33.85	30.47	16.60	Yes	Yes	5	2
Others			<u>2,685.64</u>	<u>557.11</u>	<u>661.73</u>				
Total			<u><u>5,292.82</u></u>	<u><u>2,116.33</u></u>	<u><u>1,835.78</u></u>				

② *Concession Projects under Development<sup>3</sup> (RMB100 million)*

No.	Project Name	Contract Value according to Shareholding Ratio	Investment Amount in the Period	Accumulated Investment Value
1	Highways including Taihangshan Highway in Hebei Province	145.70	–	Share participation
2	PPP Project of Quanzhou-Rongxian Highway (Pingnan- Rongxian Section) in Guangxi Province	127.55	0.36	0.36
3	Chengde (Lijiaying)-Pinggu (Hebei and Beijing Conjunction) Section Project of the Capital Region Ring Expressway (G95)	114.53	27.40	41.54
4	Highways including Urumchi-Yuli Highway in Xinjiang	106.16	–	Share participation
5	Project of Guiyang-Jinsha-Gulin (between Guizhou and Sichuan) Highway in Guizhou Province	99.99	–	Share participation
6	Project of Chongqing-Hunan Parallel Line (City Center to Youyang Section) and Wulong- Daozhen (Chongqing Section) Highway in Chongqing	96.87	–	Share participation
7	Project of Dejiang-Yuqing Highway in Guizhou Province	93.88	7.75	66.83
8	Project of Quanzhou-Rongxian Highway (Pingle-Zhaoping Section) in Guangxi Province	91.92	3.94	4.24
9	Project of Chongqing-Wuhan Highway Expansion in Chongqing	90.80	24.19	44.06
10	PPP Project of Gansu G1816 Wuhai-Maqin Cooperation-Saierlong Expressway (between Gansu and Qinghai)	85.81	0.02	0.02
11	Jianglu North Line Expressway in Chongqing	84.98	26.11	52.95
12	Phase I of Project of Urumchi Rail Transit Line 4	82.87	–	Share participation
13	PPP Project of Health Production Area in Jinxian Medical Park in Nanchang, Jiangxi	65.58	0.37	0.37
14	Tong'an Expressway in Chongqing	60.47	20.91	37.72
15	Project of Phase I of Expressway from Lingtai to Huating of Line S28 in Gansu Province	40.50	–	Share participation
16	Project of Mengxi Industrial Park-Sanbei Yangchang Railway in Ordos, Inner Mongolia	33.83	–	Share participation
17	Project of Naomao Lake-Jiangjun Temple Railway in Xinjiang	33.13	–	Share participation
18	Concession Project of Long-distance Centralized Heat Supply Project (Phase I) of Huaguang Power Plant-Lvliang City in Liulin, Lvliang, Shanxi	30.62	7.76	7.76
	Others	324.69	27.45	53.05
	Total	1,809.88	146.26	308.90

<sup>3</sup> The breakdown of concession projects under development does not include the concession projects acquired overseas.

③ *Concession Projects in Operation Period (RMB100 million)*

No.	Project Name	Accumulated Investment Value	Operating Revenue During the Period	Toll Collection Rights Period (Year)	Completed Toll Collection Rights Period (Year)
1	New Songming-Kunming Expressway, Xuanwei-Qujing Expressway, and Mengzi-Wenshan-Yanshan Expressway in Yunnan Province	273.42	10.83	30	5.0
2	Daozhen-Weng'an Expressway in Guizhou Province	265.88	6.59	30	7.0
3	Jiangkou-Weng'an Expressway in Guizhou Province	142.57	7.82	30	7.0
4	Phnom Penh-Port of Sihanoukville Expressway in Cambodia	116.47	0.31	50	0.2
5	Guiyang-Qianxi Expressway in Guizhou Province	91.93	3.81	30	6.0
6	Yanhe-Dejiang Expressway in Guizhou Province	75.27	1.14	30	7.0
7	Guiyang-Duyun Expressway in Guizhou Province	74.17	4.52	30	11.8
8	Yulin-Jiaxian Expressway in Shaanxi Province	61.34	2.74	30	9.0
9	Yongchuan-Jiangjin Expressway in Chongqing	60.19	0.73	30	8.0
10	Fengdu-Fuling Expressway in Chongqing	59.74	2.59	30	9.0
11	Fengdu-Shizhu Expressway in Chongqing	55.85	1.38	30	9.0
12	Tongzhou-Daxing Section Project of the Capital Region Ring Expressway	54.91	3.03	25	4.5
13	Foshan-Guangming Expressway in Guangdong Province	51.31	5.35	25	13.5
14	South-North Highway in Jamaica	50.51	2.97	50	7.0
15	Quanzhou Section of Quanzhou-Xiamen-Zhangzhou City Alliance Expressway in Fujian Province	50.08	0.71	24	2.0
16	Zhuankou Yangtze River Bridge Project in Wuhan, Hubei Province	48.60	2.23	30	5.0
17	BOT Project of Expressway in Nairobi, Kenya	39.90	0.94	27	1.0
18	Xianning-Tongshan Expressway in Hubei Province	31.26	1.00	30	9.0
	Others	254.10	12.00	—	—
	Total	1,857.50	70.69		

The difference between the accumulated investment value of certain projects and that for the previous period was mainly due to the adjustment to intangible assets after receiving government grants.

### **(III) BUSINESS PLAN AND PROSPECT**

In 2022, according to statistics, the value of new contracts of the Group reached RMB1,542,256 million, indicating 109% of the annual target has been realized and meeting expectations. The revenue amounted to RMB717,473 million, indicating 99% of annual target has been realized and meeting expectations.

The Group plans to achieve a year-on-year growth rate of not less than 9.8% in the value of new contracts for the year of 2023, and the planned year-on-year growth rate of revenue is not less than 7.0%.

From a domestic perspective, China's economic has shifted from the stage of high-speed growth to high-quality development, despite that triple pressures of shrinking demand, supply shocks, and weakening expectations still exist, given its strong resilience, China's economy maintains the favorable long-term fundamentals. Since last year, a series of policies to stabilise the macro-economy have been successively launched. The Central Economic Working Conference for 2023 and the Report of Work of the Government emphasized that the government shall motivate and effectively promote the investment of the whole society by its own investments and policies, accelerate the implementation of major projects in the "14th Five-Year Plan", strengthen the construction of transportation, energy, water conservancy and other infrastructures and enhance the infrastructure connectivity among the regions. Local government special bonds of RMB3.8 trillion are proposed to be arranged, and the investment on the construction of infrastructures remains as the key element of economic strategy of "stabilising growth". As the economy and life tended to be normal in all respects at the end of last year, the national traffic flow continued to rise steadily, which represents a driving force for the development of transportation infrastructure.

From an overseas perspective, there is insufficient drive for recovery of global economy. The price of bulk commodities fluctuated in high level amid a complicated and changing external situation. However, the demand for infrastructure construction in overseas developing countries continued to grow with a huge market potential for roads, railways, ports and airports. The year 2023 marks the tenth anniversary of the "Belt and Road" initiative, which will effectively promote international cooperation and continue to develop towards a broader range, wider field and deeper degree.

In 2023, the Company will continue to take advantage of the traditional main business of "big transportation", become a standard enterprise focusing on "big city", and keep as a leader of international development. It seeks to expand international influence by further expanding domestic and foreign markets and adjusting the business layout.

Firstly, the Company will consolidate the basic situation of its big transportation business. The Company shall keep up with the goal of construction of a strong transportation country and the comprehensive three-dimensional transportation networks, accurately set its development direction, put efforts in the incremental markets such as integrated transportation hubs, urbanization reconstruction of roads, intelligence transportation, “transportation + new energy” and others, consolidate its strength in road business and at the same time, seek appropriate opportunities to expand the market of railways, tracks and airports, and thereby, consolidating the leading position of its big transportation business. The Company will, with reference to the road construction plans launched by the city and provincial governments, increase its efforts to develop high-end and high-quality projects such as national expressway networks, urban connecting lines, ultra-long-span bridges, super-large-diameter shield, the expansion works of highways and integrated transportation hubs; besides, it will also pay attention to the upgrading, operation, maintenance and repair of lower-grade national and provincial roads, border roads and other roads, so as to achieve full industry coverage, eradicate defects in our business, and maintain its leading position in the industry and the unique CCCC mode in the long run. In terms of the railway projects, the Company will enhance its comprehensive capabilities of investment, construction and operation, implement different strategies based on different cities and projects, and make an overall arrangement on the promotion of plans for major cities and major projects.

Secondly, the Company will continue to expand the market share, improve the quality and efficiency for the big city business. Through grasping the opportunities arising from the promotion of China’s modernization process and fully integrating the major national and regional development strategies, the Company will effectively promote the steady development of its city business, continually innovate to maintain its leading advantage in the urban integrated services industry and constantly increase its scale of municipal business. The Company will get deeply involved in the major national livelihood projects, urban benchmark demonstration projects and luxury brand projects, pay highly attention to the urban expressway reconstruction projects, optimisation of pain points (e.g. congestion sites and dead-end roads) among the road networks, new infrastructure and new urban construction. By strengthening its contracting projects, expanding the incremental markets and building its brand, the Company is committed to increasing market participation and forging core technologies and core teams, so as to seek greater development. By concentrating on new fields such as green construction, smart construction, and prefabricated construction under the carbon peaking and carbon neutrality target, accelerating the development of high-quality urban integrated development projects in core cities and central cities, in order to build the brands of “CCCC Construction” and “CCCC Pipeline” and promote its brands.



Thirdly, the Company will make more efforts to rivers, lakes and seas business. The Company will firmly and deeply seize the opportunities in respect of the construction of a country with strong transportation, Marine Power and Beautiful China, actively explore the direction of the integration of port, industry and city, construction of port and waterway and environmental management, and construction of canal economic belts. The Company will pay close attention to the domestic large-scale coastal projects and keep its advantages of traditional port and waterway dredging business. Besides, the Company will seize the opportunity from coastal cities construction to deeply participate in the local maritime economy and promote the further development of the Company's offshore business, and it will seize the opportunity from offshore wind power construction to expand upstream and downstream of the industry chain, so as to further expand the market and enhance the development capability.

Fourthly, the Company will give priority to the development of overseas business. Following the latest development of the international political situation and the general trend of the international infrastructure construction market, the Company will seize the opportunities along with the "Belt and Road" and the Regional Comprehensive Economic Partnership. The Company will continue to deepen overseas market layout, enhance global resource allocation capability, optimise overseas business structure, and strengthen overseas investment and acquisition business.

## **V. TECHNOLOGY INNOVATION**

In performing its primary duty and conducting its main business, the Company attached great importance to the key and core technologies as well as bottleneck problems and followed the guidance of pilot project to build national strength in transportation and the national strategy for promoting new urbanization so as to achieve the goal of self-development, safe development and core competitiveness enhancement while increasing the coordination and integration of technology and digitalization, with an aim to build itself into a world's leading "Sci-tech" enterprise.

In 2022, the Company's R&D cost was RMB23,631 million, accounting for 3.3% of the revenue, relatively flat as compared with that of last year. During the year, guided by the scientific and technological innovation and digital development as well as the fundamental driving force of reform and innovation, the Company fully promoted the innovation of science and technology and the development of digitalization, completed the preparation of technology and digital development plan with high quality under the "Fourteenth Five-Year Plan", and explicitly defined the development goals, major directions and main tasks for the Company's technological innovation. The Company deepened reform of the scientific and technological system, intensified efforts on the assessment of innovation achievements, and enhanced the potential of scientific and technological innovation with the impetus from incentive mechanism, thus delivered great research and development achievements:

Zhang Xigang (張喜剛), academician of the Chinese Academy of Engineering and the Company's chief scientist, won the Bridge Award of the Mao Yisheng Science and Technology Award and participated in the layout of the national key laboratory system in the engineering. The Company completed the detailed design and implementation path planning of industrial digitalization, and built the BIM centre and sub-center collaborative work system. For the first time, DNSS network and 63 base stations were established in the field of global communication construction, 39 Beidou model projects were built worldwide, "Communication Construction Cloud" was constructed, thereby opening public use paths for overseas DNSS temporal-spatial information by the Company. The smooth running of independent researched and developed automated terminal TOS system achieved one-stop service covering terminal independent planning, automatic operation and intelligent management with full lifecycle. The official promulgation of three highway engineering industry BIM standards has filled the gap left in the industry. The largest-diameter 16.07m mud-water balance shield machine "The Canal", being independently researched and developed, designed, manufactured, has been successfully launched, which embarks on a new journey to support the development of China's shield equipment.

In 2022, the Company was awarded with 1 second-class prize of the National Science and Technology Advancement Award, 1 second-class prize of the National Technology Invention Award, 8 Luban Awards, 38 National Quality Project Awards (including 9 golden awards), 12 Zhan Tianyou Awards, 5 Chinese Outstanding Patent Awards and 290 provincial and ministerial technology awards. The Company has participated in the compilation of 12 national standards, 42 industry standards and 32 local standards that have been promulgated, engaged in the translation and compilation of 2 industry standards and promulgated 5 enterprise technological standards. The Company has been awarded with 6,838 patents, 497 software copyrights and 136 provincial and ministerial construction methods.

Over the years, the Company has been accumulatively awarded with 40 National Science and Technology Advancement Awards, 5 National Technological Invention Awards, 126 Luban Awards, 362 National Quality Project Awards (including 43 golden awards), 105 Zhan Tianyou Awards, 2 Chinese Golden Patent Awards and 33 Chinese Outstanding Patent Awards. The Company has accumulatively participated in the compilation of 133 national standards and 495 industry standards that have been promulgated, and has a total of 27,189 authorized patents.<sup>4</sup>

In the future, the Company's science and technology innovation should closely keep abreast of the trends of global leading science and technology and cross-border technology in relevant areas. The Company should closely integrate with the development trend of science and technology, bear the national strategy & security as well as market and field demand in mind, stress value creation and highlight the mutual synergy between the innovation chain and the industrial chain and adhere to the principle of "focusing on priorities, consolidating advantages, addressing inadequacies and shoring up points of weakness" in science and technology innovation. It will make plan for major research and development directions of different hierarchies and classifications to step up efforts to make breakthroughs in key and core technologies, strive to consolidate and maintain its existing technological advantages, cultivate and enhance its emerging technological capabilities, aiming to solve bottleneck technology problems as soon as possible and striding towards a world's leading "Sci-tech" enterprise in an all-out effort.

## **VI. FINANCIAL INNOVATION**

In the fourth quarter of 2022, the securities regulatory authorities in the PRC proposed to explore and establish a valuation system with Chinese characteristics to facilitate the better resource allocation of the market, as a result of which, the reconstruction of valuation and value contribution of state-owned enterprises were widely concerned by the market. During the past year, the Company insisted on optimising capital, enhanced the industry and finance integration and optimised its asset structure to promote high-quality development.

<sup>4</sup> Statistic from the awards received by the Company and its subsidiaries.

The first was to innovate various types of asset-backed securitization business models, the Company had successfully issued CAMC-CCCC REIT, with a total scale of RMB9,399 million, which built a listing platform for the assets under the type of highway bridges and formed a revolving development mode covering the full lifecycle. It is significant for the Company to revitalize existing assets and optimize its asset structure. The Company also, when appropriate, carried out different types of financial businesses, such as off-balance-sheet quasi-REITs and long-term account receivables ABS of PPP projects. The Company completed several initial projects in respective markets, and made good use of the existing infrastructure assets at lower costs.

The second was to launch the assets reorganization of its design business. The Company intended to achieve the spin-off and listing of assets under its design business through business reorganization with great quality, which is an important initiative to align with the national requirements of “build a group of flagship leading listed companies with strong core competitiveness and great market influence” and “cultivate a group of professional leading listed companies with significant professional advantage and outstanding quality and brand”.

The third was to properly propel the issuance plan of preferred shares with a proposed proceeds of RMB30 billion. Accelerating the realization of the Company’s strategic plans by introducing long-term capitals is conducive to establishing and improving the diversified financing channels, in order to satisfy the capital needs for the Company’s business development, optimize its asset structure and enhance its overall risk resistance capability.

The fourth was to promote the implementation of the equity incentive plan in a coordinated way, effectively induce key employees’ motivation, build a common interest among shareholders, the Company and employees, establish and improve a sustained and stable incentive and restraint mechanism, so as to support the Company to realize its strategies and long-term and stable development.

The fifth was to actively expand diversified fund business and accelerate the layout of fund business. It established CCCC’s first actively managed PE fund, and simultaneously promoted the establishment of various types of funds to facilitate the development of infrastructure industries and the transformation and upgrading of emerging industries. The Company actively explored equity financing channels, coordinated subsidiaries at all levels to carry out the market-oriented debt conversion with a total scale of RMB9,000 million, in order to greatly enhance the Company’s capital strength, reduce leverage and liabilities, and improve the governance structure of subject enterprise, and therefor enhancing its risk resistance capability and confidence in investment.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### I. OVERVIEW

During the reporting period, under the guidance of high-quality development goals, the business scale grew steadily. The operating revenue reached a new high, and shareholder returns steadily increased. The quality and efficiency of operations have improved, and positive cash flow from operations was recorded. The net profit and operating cash ratio further improved, and the asset-to-liability ratio remained stable. The Group has put the high-quality development philosophy into practice and made progress.

For the year 2022, revenue of the Group increased by 5.1% to RMB717,473 million, among which revenue from external customers attributed to the regions other than PRC amounted to RMB98,364 million, representing 13.7% of the total revenue. Infrastructure construction business, infrastructure design business, dredging business and other businesses accounted for 84.4%, 6.4%, 6.8% and 2.4% of the total revenue in 2022 (all before elimination of inter-segment transactions), respectively.

Gross profit in 2022 amounted to RMB83,064 million, representing a decrease of 1.7% from RMB84,524 million in 2021. Gross profit from dredging construction business and other business increased by 18.5% and 21.2%, while that from infrastructure construction business and infrastructure design business decreased by 2.1% and 9.7%, respectively. Gross profit margin for infrastructure construction business, infrastructure design business, dredging business and other businesses in 2022 was 10.6%, 15.9%, 13.5% and 7.0%, respectively, as compared with 11.3%, 17.8%, 13.6% and 7.2% in 2021.

For the year 2022, profit attributable to owners of the parent amounted to RMB20,065 million, representing an increase of 9.4%, compared with RMB18,349 million in 2021. For the year 2022, earnings per share of the Group were RMB1.14, compared with RMB1.04 in 2021.

The asset-to-liability ratio in 2022 decreased to 71.8%, compared with 71.9% in 2021. The leverage condition has steadily improved for years, due to efficient management strategies and optimal financial structure.

In 2022, the net cash flows presented an inflow, amounting to RMB6,623 million, while the performance of cash flows presented as outflow in 2021. The overall improvement of cash flows specifically presented the net inflows from operating activities and financing activities reached RMB442 million and RMB52,860 million in 2022. This improvement attributed to the Group's strategical operation reformation, through shifting to contracting projects and improving profitability of investment projects.

The following is a comparison of financial results between the years ended 31 December 2022 and 2021.

## **II. CONSOLIDATED RESULTS OF OPERATIONS**

### **Revenue**

Revenue in 2022 increased by 5.1% to RMB717,473 million from RMB682,785 million in 2021. Revenue from infrastructure construction business, infrastructure design business, dredging business and other businesses amounted to RMB634,246 million, RMB48,210 million, RMB51,017 million and RMB18,209 million (all before elimination of inter-segment transactions and unallocated cost), respectively representing a year-on-year increase of 4.2%, 1.3%, 18.7% and 24.7%. Revenue from external customers attributed to the regions other than PRC amounted to RMB98,364 million, representing 13.7% of total revenue.

### **Cost of Sales and Gross Profit**

Cost of sales in 2022 amounted to RMB634,409 million, representing an increase of 6.0%, from RMB598,261 million in 2021. Cost of sales from infrastructure construction business, infrastructure design business, dredging business and other businesses amounted to RMB567,009 million, RMB40,547 million, RMB44,113 million and RMB16,930 million (all before elimination of inter-segment transactions) respectively, representing an increase of 5.0%, 3.7%, 18.7% and 25.0% from 2021.

Cost of sales consisted mainly of subcontracting costs, cost of raw materials and consumables used and employee benefit expenses. For the year 2022, subcontracting costs, cost of raw materials and consumables used and employee benefit expenses increased by 7.1%, 4.3%, and 5.1%.

As a result of the increase in both revenue and cost of sales, gross profit in 2022 amounted to RMB83,064 million, representing a decrease of 1.7% from RMB84,524 million in 2021. Gross profit from dredging business and other business increased by 18.5% and 21.2%, and gross profits from infrastructure construction business and infrastructure design business decreased by 2.1% and 9.7% respectively, from the corresponding period of 2021. Gross profit margin from infrastructure construction business decreased to 10.6% in 2022 from 11.3% in 2021, Gross profit margin from infrastructure design business decreased to 15.9% in 2022 from 17.8% in 2021. Gross profit margin for the infrastructure construction business, infrastructure design business, dredging business and other businesses were 10.6%, 15.9%, 13.5% and 7.0% respectively, as compared with 11.3%, 17.8%, 13.6% and 7.2% in the corresponding period of 2021.

## **Administrative Expenses**

Administrative expenses in 2022 amounted to RMB43,880 million, representing an increase of 2.4% from RMB42,861 million in 2021. This growth was primarily attributable to the increase in employment costs.

## **Operating Profit**

Operating profit in 2022 amounted to RMB33,716 million, representing a decrease of 2.4% from RMB34,542 million in 2021. The foreign exchange gains and the disposal of assets made contribution to increasing the operating profits, but the adverse effect from employment expenses and account receivables contracted the increase.

For the year 2022, operating profit from infrastructure construction business and dredging business increased by 2.0% and 37.4% (all before elimination of inter-segment transactions and unallocated cost), respectively from 2021; operating profit from infrastructure design businesses and other businesses decreased by 18.0% and 25.0% (before elimination of inter-segment transactions and unallocated cost) from 2021. Operating profit margin decreased to 4.7% in 2022 from 5.1% in 2021.

## **Finance Income**

Finance income in 2022 amounted to RMB21,309 million, representing an increase of 45.9% from RMB14,609 million in 2021, mainly due to increased interest income from PPP projects.

## **Finance Costs, Net**

Net finance costs in 2022 amounted to RMB21,916 million, representing an increase of 12.2% from RMB19,540 million in 2021, mainly due to the increase on interest expenses for bank and other borrowings.

## **Share of Loss of Joint Ventures**

Share of loss of joint ventures in 2022 amounted to RMB666 million, as compared with a loss of RMB614 million in 2021.



### **Share of Profit of Associates**

Share of profit of associates in 2022 amounted to RMB343 million, as compared with a profit of RMB790 million in 2021. The decrease was mainly due to the decreased profit from some projects.

### **Profit before Income Tax**

Profit before income tax in 2022 amounted to RMB32,786 million, representing an increase of 10.1% from RMB29,787 million in 2021.

### **Income Tax Expense**

Income tax expense in 2022 amounted to RMB7,080 million, representing an increase of 19.4% from RMB5,928 million in 2021. Effective tax rate for the Group in 2022 increase to 21.6% from 19.9% in 2021, mainly due to an increase in non-taxable share of losses and an increase in impairment provision that had not accrued deferred tax.

### **Profit Attributable to Non-Controlling Interests**

Profit attributable to non-controlling interests in 2022 amounted to RMB5,641 million compared to RMB5,510 million in 2021.

### **Profit Attributable to Owners of the Parent**

Profit attributable to owners of the parent in 2022 amounted to RMB20,065 million, representing an increase of 9.4% from RMB18,349 million in 2021, mainly due to the increased profit for the year.

Profit margin with respect to profit attributable to owners of the parent increased to 2.8% in 2022 from 2.7% in 2021.

### III. DISCUSSION OF SEGMENT OPERATIONS

The following table sets forth the segment breakdown of revenue, gross profit and operating profit of the Group for the years ended 31 December 2022 and 2021.

Business	Revenue		Gross Profit		Gross Profit Margin		Operating Profit <sup>(1)</sup>		Operating Profit Margin	
	Year ended		Year ended		Year ended		Year ended		Year ended	
	31 December		31 December		31 December		31 December		31 December	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(RMB	(RMB	(RMB	(RMB			(RMB	(RMB		
	million)	million)	million)	million)	(%)	(%)	million)	million)	(%)	(%)
Infrastructure Construction	634,246	608,593	67,237	68,706	10.6	11.3	28,183	27,638	4.4	4.5
% of total	84.4	85.3	81.0	81.7	–	–	82.1	81.4		
Infrastructure Design	48,210	47,595	7,663	8,488	15.9	17.8	3,490	4,258	7.2	8.9
% of total	6.4	6.7	9.2	10.1	–	–	10.2	12.5		
Dredging	51,017	42,973	6,904	5,825	13.5	13.6	2,415	1,758	4.7	4.1
% of total	6.8	6.0	8.3	6.9	–	–	7.0	5.2		
Other businesses	18,209	14,601	1,279	1,055	7.0	7.2	240	320	1.3	2.2
% of total	2.4	2.0	1.5	1.3	–	–	0.7	0.9	–	–
Subtotal	751,682	713,762	83,083	84,074	11.1	11.8	34,328	33,974	–	–
Intersegment elimination and unallocated profit/(costs)	(34,209)	(30,977)	(19)	450	–	–	27	60	4.6	4.8
							(639)	508		
Total	717,473	682,785	83,064	84,524	11.6	12.4	33,716	34,542	4.7	5.1

- (1) Total operating profit represents the total of segment profit less unallocated costs or add unallocated profit.

## Infrastructure Construction Business

The financial information for the infrastructure construction business presented in this section is before elimination of inter-segment transactions and unallocated costs. The following table sets out the principal profit and loss information for the infrastructure construction business for the years ended 31 December 2022 and 2021.

	<b>Years ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>(RMB million)</b>	<b>(RMB million)</b>
Revenue	<b>634,246</b>	608,593
Cost of sales	<b>(567,009)</b>	(539,887)
Gross profit	<b>67,237</b>	68,706
Selling and marketing expenses	<b>(1,042)</b>	(609)
Administrative expenses	<b>(34,772)</b>	(35,185)
Impairment losses on financial and contract assets	<b>(7,669)</b>	(5,635)
Other income/(expense), net and Other gain/(loss), net	<b>4,429</b>	361
Segment result	<b>28,183</b>	27,638
Depreciation and amortisation	<b>10,943</b>	10,034

**Revenue.** Revenue from the infrastructure construction business in 2022 was RMB634,246 million, representing an increase of 4.2% from RMB608,593 million in 2021. The increase was mainly due to the increase in revenue generated from expanding scale of construction projects.

**Cost of sales and gross profit.** Cost of sales for the infrastructure construction business in 2022 was RMB567,009 million, representing an increase of 5.0% from RMB539,887 million in 2021. Cost of sales as a percentage of revenue slightly increased to 89.4% in 2022 from 88.7% in 2021

Gross profit from the infrastructure construction business in 2022 decreased by 2.1% to RMB67,237 million from RMB68,706 million in 2021. Gross profit margin decreased to 10.6% in 2022 from 11.3% in 2021, due to the increase in cost of subcontractation and the reduction in the proportion of revenue from infrastructure investment projects.

**Selling and marketing expenses.** Selling and marketing expenses for the infrastructure construction business in 2022 were RMB1,042 million, as compared with RMB609 million in 2021.

**Administrative expenses.** Administrative expenses for the infrastructure construction business were RMB34,772 million in 2022, representing a decrease of 1.2% from RMB35,185 million in 2021. The decrease was mainly attributable to the improvement of management efficiency. Administrative expenses as a percentage of revenue remained 5.5% in 2022.

**Impairment losses on financial and contract assets.** Impairment losses on financial and contract assets for the infrastructure construction business were RMB7,669 million in 2022, representing an increase of 36.1% from RMB5,635 million in 2021. The increase was primarily due to more impairment loss from some projects and the impact of macro economy.

**Other income/(expense), net and Other gains/(losses), net.** Other income/(expense), net and Other gains/(losses), net for the infrastructure construction business increased to RMB4,429 million in 2022 from RMB361 million in 2021. The increase was mainly attributable to the gains on foreign exchange and the increase in proceeds from disposal of assets and subsidiaries.

**Segment result.** As a result of the above, segment result for the infrastructure construction business in 2022 was RMB28,183 million, representing an increase of 2.0% from RMB27,638 million in 2021. Segment result margin slightly decreased to 4.4% in 2022 from 4.5% in 2021.

## Infrastructure Design Business

The financial information for the infrastructure design business presented in this section is before elimination of inter-segment transactions and unallocated costs. The following table sets out the principal profit and loss information for infrastructure design business for the years ended 31 December 2022 and 2021.

	<b>Years ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>(RMB million)</b>	<b>(RMB million)</b>
Revenue	<b>48,210</b>	47,595
Cost of sales	<b>(40,547)</b>	(39,107)
Gross profit	<b>7,663</b>	8,488
Selling and marketing expenses	<b>(423)</b>	(409)
Administrative expenses	<b>(3,363)</b>	(3,436)
Impairment losses on financial and contract assets	<b>(961)</b>	(536)
Other income/(expense), net and Other gain/(loss), net	<b>574</b>	151
Segment result	<b>3,490</b>	4,258
Depreciation and amortization	<b>628</b>	487

**Revenue.** Revenue from the infrastructure design business in 2022 was RMB48,210 million, representing an increase of 1.3% from RMB47,595 million in 2021.

**Cost of sales and gross profit.** Cost of sales for the infrastructure design business in 2022 was RMB40,547 million, representing an increase of 3.7% from RMB39,107 million in 2021. Cost of sales as a percentage of revenue increased to 84.1% in 2022 from 82.2% in 2021.

Gross profit from the infrastructure design business in 2022 was RMB7,663 million, representing a decrease of 9.7% as compared with RMB8,488 million in 2021. Gross profit margin decreased to 15.9% in 2022 from 17.8% in 2021, mainly attributable to expanding scale of comprehensive projects with less profitability.

**Selling and marketing expenses.** Selling and marketing expenses for the infrastructure design business in 2022 increased to RMB423 million from RMB409 million in 2021.

**Administrative expenses.** Administrative expenses for the infrastructure design business in 2022 were RMB3,363 million, representing a decrease of 2.1% from RMB3,436 million in 2021. Administrative expenses as a percentage of revenue decreased to 7.0% in 2022 from 7.2% in 2021.

**Impairment losses on financial and contract assets.** Impairment losses on financial and contract assets for the infrastructure design business were RMB961 million in 2022, representing an increase of 79.3% from RMB536 million in 2021, mainly due to the decrease of account receivables turnover on some projects.

**Other income/(expense), net and other gain/(loss), net.** Other income/(expense), net and Other gain/(loss), net for the infrastructure design business in 2022 was RMB574 million, as compared with RMB151 million in 2021, which mainly attributes to the gains on foreign exchange and disposal of subsidiaries.

**Segment result.** As a result of the above, segment result for the infrastructure design business in 2022 was RMB3,490 million, representing a decrease of 18.0% from RMB4,258 million in 2021. Segment result margin decreased to 7.2% in 2022 from 8.9% in 2021.

## **Dredging Business**

The financial information for the dredging business presented in this section is before elimination of inter-segment transactions and unallocated costs. The following table sets out the principal profit and loss information for the dredging business for the years ended 31 December 2022 and 2021.

	<b>Years ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>(RMB million)</b>	<b>(RMB million)</b>
Revenue	<b>51,017</b>	42,973
Cost of sales	<b>(44,113)</b>	(37,148)
Gross profit	<b>6,904</b>	5,825
Selling and marketing expenses	<b>(251)</b>	(173)
Administrative expenses	<b>(3,763)</b>	(3,422)
Impairment losses on financial and contract assets	<b>(688)</b>	(705)
Other income/(expense), net and Other gain/(loss), net	<b>213</b>	233
Segment result	<b>2,415</b>	1,758
Depreciation and amortization	<b>1,288</b>	1,219

**Revenue.** Revenue from the dredging business in 2022 was RMB51,017 million, representing an increase of 18.7% from RMB42,973 million in 2021. The increase was mainly due to the expanding scale of business.

**Cost of sales and gross profit.** Cost of sales for the dredging business in 2022 was RMB44,113 million, representing an increase of 18.7% as compared with RMB37,148 million in 2021. Cost of sales as a percentage of revenue for the dredging business in 2022 increased to 86.5% from 86.4% in 2021.

Gross profit from the dredging business in 2022 was RMB6,904 million, representing an increase of 18.5% from RMB5,825 million in 2021. Gross profit margin for the dredging business slightly decreased to 13.5% in 2022 from 13.6% in 2021, mainly attributable to the increase in revenue generated from lower gross profit margin projects and the increase in cost of fuel.

**Selling and marketing expenses.** Selling and marketing expenses for the dredging business in 2022 were RMB251 million, as compared with RMB173 million in 2021.

**Administrative expenses.** Administrative expenses for the dredging business in 2022 were RMB3,763 million, representing an increase of 10.0% from RMB3,422 million in 2021. Administrative expenses as a percentage of revenue decreased to 7.4% in 2022 from 8.0% in 2021.

**Impairment losses on financial and contract assets.** Impairment losses on financial and contract assets for the dredging business were RMB688 million in 2022, representing a decrease of 2.4% from RMB705 million in 2021.

**Other income/(expense), net and other gain/(loss), net.** Other income/(expense), net and Other gain/(loss), net in 2022 decreased to RMB213 million from RMB233 million in 2021. The gains on foreign exchange made contribution, while counteracted by the decrease of proceeds from disposal of investment projects.

**Segment result.** As a result of the above, segment result for the dredging business in 2022 was RMB2,415 million, representing an increase of 37.4% from RMB1,758 million in 2021. Segment result margin was 4.7% in 2022 comparing with 4.1% in 2021.



## Other Businesses

The financial information for the other businesses presented in this section is before elimination of inter-segment transactions and unallocated costs.

The following table sets out the revenue, cost of sales and gross profit information for the other businesses for the years ended 31 December 2022 and 2021.

	Years ended 31 December	
	2022	2021
	(RMB million)	(RMB million)
Revenue	18,209	14,601
Cost of sales	<u>(16,930)</u>	<u>(13,546)</u>
Gross profit	<u>1,279</u>	<u>1,055</u>

**Revenue.** Revenue from the other businesses in 2022 was RMB18,209 million, representing an increase of 24.7% from RMB14,601 million in 2021, due to efforts on the centralized procurement that increased intra-trade within the Group.

**Cost of sales and gross profit.** Cost of sales for the other businesses in 2022 was RMB16,930 million, representing an increase of 25.0% from RMB13,546 million in 2021. Cost of sales as a percentage of revenue increased to 93.0% in 2022 from 92.8% in 2021.

Gross profit from the other businesses in 2022 was RMB1,279 million, representing an increase of 21.2% from RMB1,055 million in 2021. Gross profit margin slightly decreased to 7.0% in 2022 from 7.2% in 2021, and the decrease attributed to the diluted profit resulting from the growing scale of business.

## IV. LIQUIDITY AND CAPITAL RESOURCES

The Group's business requires a significant amount of working capital to finance the purchase of raw materials and to finance the engineering, construction and other work on projects before payment is received from clients. The Group historically met its working capital and other capital requirements principally from cash provided by operations, while financing the remainder of the Group's requirements primarily through borrowings. As at 31 December 2022, the Group had unutilized credit facilities in the amount of RMB1,495,364 million. The Group's access to financial markets since its public offering in Hong Kong Stock Exchange and Shanghai Stock Exchange has provided additional financing flexibility.

## Cash Flow Data

The following table presents selected cash flow data from the Group's consolidated cash flow statements for the years ended 31 December 2022 and 2021.

	<b>Years ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>(RMB million)</b>	<b>(RMB million)</b>
		Restated
Net cash flows from/(used in) operating activities	<b>442</b>	(12,626)
Net cash used in investing activities	<b>(46,679)</b>	(52,816)
Net cash generated from financing activities	<b>52,860</b>	42,204
Net increase/(decrease) in cash and cash equivalents	<b>6,623</b>	(23,238)
Cash and cash equivalents at beginning of year	<b>95,880</b>	119,572
Effect of foreign exchange rate changes, net	<b>699</b>	(454)
Cash and cash equivalents at end of year	<b>103,202</b>	95,880

### ***Cash flow from operating activities***

During the year 2022, net cash generated from operating activities presented as an inflow at RMB442 million, while it reflected as an outflow at RMB12,626 million in 2021. The improvement was primarily due to the increasing scale of contracting projects and efficiency of management improvement.

### ***Cash flow from investing activities***

Net cash used in investing activities in 2022 decreased to RMB46,679 million from RMB52,816 million in 2021. The decrease of 11.6% was primarily attributable to the combined effects of the disposals of equity in certain subsidiaries, decreasing capital expenses on infrastructure investment projects, and the disposals of associates and joint ventures.

### ***Cash flow from financing activities***

Net cash generated from financing activities in 2022 was RMB52,860 million, representing an increase of 25.2% from RMB42,204 million in 2021. The increase was primarily attributable to requirement to expand business scale and improvement of the financial structure.

### **Capital Expenditure**

The Group's capital expenditure principally comprises expenditure from investment in BOT projects, purchases of machinery, equipment and vessels, and the building of plants. The following table sets forth the Group's capital expenditure by business for the years ended 31 December 2022 and 2021.

	<b>Years ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>(RMB million)</b>	<b>(RMB million)</b>
Infrastructure Construction Business	<b>35,409</b>	43,183
– BOT projects	<b>24,580</b>	33,171
Infrastructure Design Business	<b>812</b>	1,268
Dredging Business	<b>1,703</b>	981
Others	<b>780</b>	872
Total	<b><u>38,704</u></b>	<b><u>46,304</u></b>

Capital expenditure in 2022 was RMB38,704 million, as compared with RMB46,304 million in 2021.

## Working Capital

### *Trade and bills receivables and trade and bills payables*

The following table sets forth the turnover of the Group's average trade and bills receivable and average trade and bills payable for the years ended 31 December 2022 and 2021.

	Years ended 31 December	
	2022 ( <i>Number of days</i> )	2021 ( <i>Number of days</i> )
Turnover of average trade and bills receivables <sup>(1)</sup>	54	56
Turnover of average trade and bills payables <sup>(2)</sup>	<u>192</u>	<u>188</u>

- (1) Average trade and bills receivables equals trade and bills receivables net of provisions at the beginning of the year plus trade and bills receivables net of provisions at the end of the year divided by 2. Turnover of average trade and bills receivables (in days) equals average trade and bills receivables divided by revenue and multiplied by 365.
- (2) Average trade and bills payables equals trade and bills payables at the beginning of the year plus trade and bills payables at the end of the year divided by 2. Turnover of average trade and bills payables (in days) equals average trade and bills payables divided by cost of sales and multiplied by 365.

The following table sets forth an ageing analysis of trade and bills receivables, net of provision, as at 31 December 2022 and 2021.

	Years ended 31 December	
	2022 ( <i>RMB million</i> )	2021 ( <i>RMB million</i> )
Within 6 months	61,641	65,644
6 months to 1 year	9,867	11,087
1 year to 2 years	22,007	11,412
2 years to 3 years	5,870	6,052
Over 3 years	<u>9,099</u>	<u>7,775</u>
Total	<u>108,484</u>	<u>101,970</u>

Management closely monitors the recovery of the Group's overdue trade and bills receivables on a regular basis, and, when appropriate, provides for impairment of these trade and bills receivables. As at 31 December 2022, the Group had a provision for impairment of RMB22,070 million, as compared with RMB17,579 million as at 31 December 2021.

The following table sets forth an ageing analysis of trade and bills payables as at 31 December 2022 and 2021.

	<b>As at 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>(RMB million)</b>	<b>(RMB million)</b>
Within 1 year	<b>319,071</b>	286,242
1 year to 2 years	<b>18,631</b>	17,116
2 years to 3 years	<b>5,906</b>	7,270
Over 3 years	<b>7,337</b>	6,717
Total	<b>350,945</b>	317,345

The Group's credit terms with its suppliers for the year ended 31 December 2022 remained the same as that for the year ended 31 December 2021. Payments to suppliers and subcontractors may be delayed as a result of delays in settlement from the Group's customers. Nevertheless, there have been no material disputes arising from the non-timely payment of outstanding balances under the Group's supplier contracts or contracts with subcontractors.

### ***Retentions***

The following table sets forth the carrying amount of the retentions as at 31 December 2022 and 2021.

	<b>As at 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>(RMB million)</b>	<b>(RMB million)</b>
Current	<b>11,118</b>	11,925
Non-current	<b>35,699</b>	30,231
Total	<b>46,817</b>	42,156

## Indebtedness

### *Borrowings*

The following table sets out the maturities of the Group's total borrowings as at 31 December 2022 and 2021.

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b>(RMB million)</b>	<b>(RMB million)</b>
Within 1 year	<b>93,678</b>	76,292
1 year to 2 years	<b>50,008</b>	56,299
2 years to 5 years	<b>94,402</b>	89,614
Over 5 years	<b>227,927</b>	205,931
	<hr/>	<hr/>
Total borrowings	<b>466,015</b>	428,136
	<hr/>	<hr/>

The Group's borrowings are primarily denominated in Renminbi, U.S. dollars, and to a lesser extent, Euro, Japanese Yen and Hong Kong dollar. The following table sets out the carrying amounts of the Group's borrowings by currencies as at 31 December 2022 and 2021.

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b>(RMB million)</b>	<b>(RMB million)</b>
Renminbi	<b>434,738</b>	406,482
U.S. dollar	<b>26,176</b>	15,074
Euro	<b>3,038</b>	2,783
Japanese Yen	<b>41</b>	2,417
Hong Kong dollar	<b>241</b>	264
Others	<b>1,781</b>	1,116
	<hr/>	<hr/>
Total borrowings	<b>466,015</b>	428,136
	<hr/>	<hr/>

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the consolidated balance sheet, less cash and cash equivalents. Total capital is calculated as total equity as shown in the consolidated balance sheet plus net debt. The Group's gearing ratio, calculated as net debt divided by total capital, as at 31 December 2022 was 46.0%, as compared with 45.9% as at 31 December 2021.

## **Contingent Liabilities and Financial Guarantee Commitment**

### **(i) Claims**

The Group has been named defendants in a number of lawsuits arising in the ordinary course of business. Provision has been made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits taking into account the legal advice. No provision has been made for those pending lawsuits with a maximum compensation amount of RMB2,554 million (31 December 2021: RMB2,631 million) related mainly to disputes with customers and subcontractors, as the outcome of the lawsuits cannot be reasonably estimated or management believes the outflow of resources is not probable. Pending lawsuits of which the probability of loss is remote or the claim amount is insignificant to the Group were not included in the above.

### **(ii) Loan Guarantees**

- (a) The Group has acted as the guarantor for several borrowings of RMB3,378 million (31 December 2021: RMB3,940 million) made by certain joint ventures and associates of the Group. The above amount represents the maximum exposure to default risk under the loan guarantee.
- (b) The Group provides guarantees to banks for the mortgage loans of the property buyers in certain real estate projects. As at 31 December 2022, the outstanding balance of guarantees provided by the Group was approximately RMB3,815 million (31 December 2021: RMB4,623 million).



### ***(iii) Liquidity Support***

- (a) Beijing North Huade Neoplan Bus Co., Ltd., a subsidiary of the Company, provides liquidity support to Changchun Public Transportation (Group) Co., Ltd. for sale-leaseback rent payable to Huaxia Financial Leasing Co., Ltd. As at 31 December 2022, the outstanding balance of rent payable by Changchun Public Transportation (Group) Co., Ltd. to Huaxia Financial Leasing Co., Ltd. was RMB97 million (31 December 2021: RMB138 million).
- (b) The Group has entered into certain agreements with financial institutions to set up asset-backed securities (ABS) and asset-backed notes (ABN) arrangements. As at 31 December 2022, out of the ABS and ABN in issue with an aggregate amount of RMB59,390 million (31 December 2021: RMB27,662 million), RMB54,284 million (31 December 2021: RMB26,132 million) had been issued to preferential investors. Under the clauses of the agreements, the Group is subject to the obligations of liquidity supplementary payments to preferential investors when the cash available for distribution of the principal and return to preferential investors at the due date is not sufficient.

### **Market Risks**

The Group is exposed to various types of market risks, including changes in interest rate risks and foreign currency risks in the normal course of business.

#### ***1. Macroeconomic volatility risk***

The Group's main businesses are closely related to the development of macro-economy, especially for infrastructure design and infrastructure construction business, of which the industry development is subject to the effects of macroeconomic factors including investment scale of social fixed assets and the process of urbanisation. The current external environment is complex and severe, and China's economic development is under triple pressure of economic contraction, supply shock and weakening expectations. If the pace and efforts of growth stabilisation is not as strong as expected, it may have a great impact on the Group's development.

To cope with the risks of macroeconomic fluctuations, the Group will further strengthen its research on macro policies and development trends of related industries, follow closely the national strategic deployment, focus on "big transportation" and "big city", firmly hold on to the market advantages of traditional businesses, promote the scale of emerging industries to grow year by year and strive to cultivate new growth levels.

## **2. *Internationalisation risk***

The Group conducts its business in over 130 overseas countries and regions. Subject to the complex and diverse political, economic, social and religious environments and legal systems of different countries and regions, as well as fluctuations in exchange rates, increasingly stringent environmental protection requirements and intensifying trade frictions among some countries, there may be fluctuations and volatility in the international trade order and economic situation in the future, resulting in performance risks for the Group's overseas compliance, investment and project contracting.

The Group carried out various risk management, prevention and control work continuously in accordance with the principles of “practical planning, internationalization of resources, normalization of management, diversification of approaches, and visualization of command, advance forecasting, advance warning, advance deployment and advance action”. The Company fully leveraged on its overall overseas advantages, enhanced international resources and cross-regional coordination capabilities, continuously raised the protection of security interests and the ability to address overseas emergencies, properly dealt with overseas public security threats, and optimized the organization system, institutional system, team building system, planning system, training and drill system, protection system and information-based risk control measures.

## **3. *Investment risk***

The Group began to develop infrastructure and other investment projects in 2007 to obtain investment profits apart from those from reasonable design and construction. However, such projects are generally characterised by large scale investments, long construction cycles, extensive areas of involvement, high complexity, stringent schedule and quality requirements, and are significantly affected by policies. The implementation and operation of the above-mentioned investment projects may expose the Group to certain risks and affect the expected benefits and the achievement of strategic objectives if the feasibility studies of the projects are incomplete, understanding of policies is inaccurate, financing is inadequate and process management is not standardised, under the influence of internal and external circumstances such as increased control in policies by the national and local governments, increasingly standardised regulation, tightened financial supervision, increasing debt pressure and intensified market competition.

In order to effectively prevent and control investment risks, the Group insists on “value-oriented investments” and strictly controls non-main business investments. It strictly implements the investment project justification and decision-making process, properly controls investment costs, strengthens risk control throughout the life cycle of investment projects and steadily promotes the construction of an investment execution information system to achieve real-time and dynamic project monitoring and pre-warning.

#### **4. *Raw material risk***

The operation of the Group’s business depends on the timely procurement of raw materials that meet the Group’s quality requirements at reasonable prices, such as steel, cement, fuel, sand and gravel and asphalt, etc. The market prices of such raw materials may fluctuate to a certain extent, or appropriate procurement planning arrangements may be made to ensure the normal conduct of business. When there is a shortage of supply of raw material or a significant price increase resulting in cost increases that cannot be fully counteracted by customers, the Group may face the risk of reduced profit or even loss in respect of a single project.

In this regard, the Group has enhanced cost awareness, strengthened refined management, vigorously promoted the centralised procurement of major raw materials including steel, cement, asphalt, fuel oil, etc., and has continuously improved the bargaining power of the Company to minimise the risk of rising raw material prices.

#### **5. *Interest rate risk***

The Group’s interest rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. During 2022 and 2021, the Group’s borrowings at variable rates were mainly denominated in RMB, USD, Euro and Hong Kong dollar. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. Increases in interest rates will increase the cost of new borrowings and the interest expense with respect to the Group’s outstanding floating rate borrowings, and therefore could have an adverse effect on the Group’s financial position.

As at 31 December 2022, the Group’s borrowings of approximately RMB281,850 million (2021: RMB242,810 million) were at variable rates. As at 31 December 2022, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, profit before tax for the year would have decreased/increased by RMB2,819 million (2021: RMB2,428 million), mainly as a result of higher/lower interest expense on floating rate borrowings.

The Group continuously monitors the interest rate position, and makes decisions with reference to the latest market conditions, including entering into interest rate swap agreements from time to time to mitigate its exposure to interest rate risks in connection with the floating rate borrowings.

## **6. *Exchange rate risk***

The Group has focused on international markets in its past operations and future strategies. The relatively large scale of its overseas operations has resulted in a relatively large foreign exchange receipts and payments by the Company. The Company's operations mainly involve foreign currencies such as USD, the Euro and Hong Kong dollar. Fluctuations in the exchange rates between these currencies and Renminbi may result in higher costs or lower revenues, which in turn may have an impact on the Company's profitability.

As at 31 December 2022, the Group's aggregate net liabilities of RMB2,985 million, including trade and other receivables, cash and bank balances, trade and other payables and borrowings, were denominated in foreign currencies, mainly USD.

To manage the impact of currency exchange rate fluctuations, the Group continually assesses its exposure to currency risks, and uses derivative financial instruments to hedge when necessary. As at 31 December 2022, if RMB had strengthened/weakened by 5% against USD with all other variables held constant, pre-tax profit for the year would have been decreased/increased by approximately RMB563 million (2021: RMB13 million), mainly as a result of foreign exchange losses/gains on translation of USD-denominated trade and other receivables, cash and cash equivalents.

## **7. *Production safety risk***

The Group insists on safety first and regards production safety as the prerequisite and foundation of all its work. However, as a construction and production enterprise with many subsidiaries and projects, production safety risks exist in all aspects of the production and operation process. Safety incidents may occur as a result of unsafe human behaviour, unsafe physical conditions and unsafe environmental factors, resulting in injury to the health and safety of employees and exposing the Company to the risk of damage to its brand image, economic loss and external regulatory penalties.

## **8. *Risk of price fluctuation in the securities markets***

The Group's investments in equity instruments are classified as financial assets at fair value through profit or loss and equity investments designated at fair value through other comprehensive income. As these financial assets are required to be stated at fair value, the Group is exposed to the risk of price fluctuation in the securities markets.

To cope with such risk, the Group sets limits to diversify its investment portfolio.

## **9. *Force Majeure Risks***

The infrastructure construction and dredging business principally engaged by the Group are mostly outdoor work. Natural disasters and public health emergency including rainstorm, flooding, earthquake, typhoon, tsunami, fire and epidemic occurred on the construction sites may cause damages to the site workers as well as property, and adversely affect the quality and progress of relevant businesses of the Group.

## **10. *Network risk and security***

With the in-depth application of "Internet +" in informatisation, the topology of enterprise network has been becoming more and more complex, the number of information systems has surged, and the possibility of network interruption and system failure has also increased rapidly. At the same time, the Group has been actively exploring overseas markets, and its international influence has been increasing day by day. Therefore, the risk of network-attacks on the information system has been also increasing, which may have a serious impact on the Group's production and operation in the event of a risk event.

In order to effectively prevent network risks, the Group has continuously optimized and improved the network security system and professional team building, improved the information system, enhanced protection and emergency response capabilities, implemented network monitoring and carried out regular upgrades and protections in accordance with the requirements of the competent authorities.

## SIGNIFICANT SUBSEQUENT EVENTS

### *Proposed Assets Reorganisation and Proposed Spin-off*

On 11 May 2022, the Company entered into the agreement on assets swap and acquisition of assets by issuance of shares (the “**Agreement**”, as further amended by the supplemental agreements entered into on 28 December 2022 and 28 February 2023, collectively the “**Agreements**”) with China Urban and Rural Holding Group Co., Ltd.\* (中國城鄉控股集團有限公司) (“**China Urban-Rural**”) and Qilianshan Cement Group Co., Ltd.\* (甘肅祁連山水泥集團股份有限公司) (“**Qilianshan**”). Pursuant to the Agreements, the parties agreed that (the “**Proposed Assets Reorganisation**”): (i) the Company shall dispose of its 100% equity interest in three wholly-owned subsidiaries to Qilianshan, namely CCCC Highway Consultants Co., Ltd.\* (中交公路規劃設計院有限公司), CCCC First Highway Consultants Co., Ltd.\* (中交第一公路勘察設計研究院有限公司) and CCCC Second Highway Consultants Co., Ltd.\* (中交第二公路勘察設計研究院有限公司) at a consideration of approximately RMB7,200.30 million, RMB6,183.27 million and RMB6,779.85 million, respectively; (ii) China Urban-Rural shall dispose of its 100% equity interest in three wholly-owned subsidiaries to Qilianshan, namely Southwest Municipal Engineering Design and Research Institute of China\* (中國市政工程西南設計研究總院有限公司), China Northeast Municipal Engineering Design & Research Institute Co., Ltd.\* (中國市政工程東北設計研究總院有限公司) and CCCC Urban Energy Research and Design Institute Co. Ltd.\* (中交城市能源研究設計院有限公司) at a consideration of approximately RMB2,278.52 million, RMB941.06 million and RMB120.14 million, respectively; (iii) in consideration of the acquisition of the abovementioned six companies, Qilianshan shall transfer its 100% equity interest in Gansu Qilianshan Cement Group Ltd.\* (甘肅祁連山水泥集團有限公司) (“**Qilianshan Ltd**”) to the Company and China Urban-Rural at a consideration of approximately RMB10,430.43 million, and issue a total of 1,285,418,199 new A shares to settle the shortfall against the value of the six companies at an issue price of RMB10.17 per consideration share; and (iv) the Company and China Urban-Rural further agreed on the allocation of the equity interests of Qilianshan Ltd and the consideration shares as follows: (a) Qilianshan Ltd will be owned as to approximately 85% and 15% by the Company and China Urban-Rural, respectively; and (b) the Company and China Urban-Rural will hold 1,110,869,947 consideration shares and 174,548,252 consideration shares respectively, representing approximately 53.88% and 8.47% equity interest in Qilianshan as enlarged by the issuance of the consideration shares. Upon completion of the Proposed Assets Reorganisation, the financial results of the six companies and Qilianshan Ltd will be consolidated into the consolidated financial statements of the Company.

China Urban-Rural is a wholly-owned subsidiary of CCCG, the controlling Shareholder of the Company which holds approximately 59.63% interests in the issued ordinary Shares of the Company. China Urban-Rural is thus a connected person of the Company under the Hong Kong Listing Rules. As China Urban-Rural is a party to the Agreements, the Proposed Assets Reorganisation constitutes a connected transaction of the Company. As the highest applicable percentage ratios of the acquisition and the disposal are both higher than 5% but less than 25%, the Proposed Assets Reorganisation constitutes a discloseable transaction and a connected transaction of the Company and is subject to the reporting, announcement and the independent Shareholders' approval requirements under the Hong Kong Listing Rules. The Proposed Assets Reorganisation has been approved by the independent Shareholders at the extraordinary general meeting held by the Company on 10 March 2023.

The Proposed Assets Reorganisation by the Company pursuant to the Agreements constitutes a spin-off (the “**Proposed Spin-off**”) under the applicable provisions of the Practice Note 15 of the Hong Kong Listing Rules. In accordance with the requirements under paragraph 3(f) of Practice Note 15 of the Hong Kong Listing Rules, the Board is required to have due regard to the interests of its existing Shareholders by providing them with an assured entitlement to shares of Qilianshan. After due and careful consideration of the Proposed Spin-off and having taken into account the advice from the PRC legal counsel on the legal impediments in fulfilling such requirement, the Company considers that it is not feasible for the Company to comply with paragraph 3(f) of Practice Note 15 of the Hong Kong Listing Rules in connection with the Proposed Spin-off.

The Company has submitted an application for the Proposed Spin-off and a waiver from strict compliance with the applicable requirements in relation to the assured entitlement under Paragraph 3(f) of Practice Note 15 to the Hong Kong Stock Exchange. As at the date of this announcement, the approval on the Proposed Spin-off and the waiver from assured entitlement have not been granted. In addition, the Proposed Assets Reorganisation is still subject to the approvals from relevant competent authorities, including the approval from the Shanghai Stock Exchange, the clearance from the Anti-Monopoly Bureau of the State Administration for Market Regulation, and the decision on the registration made by the CSRC.

For more details, please refer to the announcements of the Company dated 11 May 2022, 28 December 2022, 28 February 2023, 9 March 2023 and 10 March 2023 and the circular of the Company dated 21 February 2023.



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		2022	2021
	Notes	RMB million	RMB million (Restated)
Revenue	3, 4	717,473	682,785
Cost of sales		<u>(634,409)</u>	<u>(598,261)</u>
<b>Gross profit</b>		<b>83,064</b>	84,524
Other income	4	5,328	5,441
Other gains/(losses), net	4	3,404	(1,438)
Selling and marketing expenses		(1,998)	(1,451)
Administrative expenses		(43,880)	(42,861)
Impairment losses on financial and contract assets, net		(9,646)	(6,946)
Other expenses		<u>(2,556)</u>	<u>(2,727)</u>
<b>Operating profit</b>		<b>33,716</b>	34,542
Finance income	6	21,309	14,609
Finance costs, net	7	(21,916)	(19,540)
Share of profits and losses of:			
– Joint ventures		(666)	(614)
– Associates		<u>343</u>	<u>790</u>
<b>Profit before tax</b>	5	<b>32,786</b>	29,787
Income tax expense	8	<u>(7,080)</u>	<u>(5,928)</u>
<b>Profit for the year</b>		<u><b>25,706</b></u>	<u>23,859</u>
<b>Attributable to:</b>			
– Owners of the parent		20,065	18,349
– Non-controlling interests		<u>5,641</u>	<u>5,510</u>
		<u><b>25,706</b></u>	<u>23,859</u>
<b>Earnings per share attributable to ordinary equity holders of the parent</b>	10		
Basic		<u><b>RMB1.14</b></u>	<u>RMB1.04</u>
Diluted		<u><b>RMB1.14</b></u>	<u>RMB1.04</u>

# **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>2022</b> <i>RMB million</i>	2021 <i>RMB million</i> <i>(Restated)</i>
<b>Profit for the year</b>	<b><u>25,706</u></b>	<b><u>23,859</u></b>
<b>Other comprehensive income/(losses)</b>		
<i>Other comprehensive income/(losses) that will not be reclassified to profit or loss in subsequent periods, net of tax:</i>		
Actuarial losses on retirement benefit obligations, net of tax	(1)	(22)
Share of other comprehensive income of joint ventures and associates	1	–
Changes in fair value of equity investments designated at fair value through other comprehensive income/(loss), net of tax	<u>(4,850)</u>	<u>68</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>(4,850)</u>	<u>46</u>
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, net of tax:</i>		
Cash flow hedges, net of tax	(10)	2
Share of other comprehensive income/(loss) of joint ventures and associates	338	(39)
Exchange differences on translation of foreign operations	3,091	(1,522)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>3,419</u>	<u>(1,559)</u>
<b>Other comprehensive loss for the year, net of tax</b>	<b><u>(1,431)</u></b>	<b><u>(1,513)</u></b>
<b>Total comprehensive income for the year</b>	<b><u>24,275</u></b>	<b><u>22,346</u></b>
<b>Attributable to:</b>		
– Owners of the parent	18,469	16,875
– Non-controlling interests	<u>5,806</u>	<u>5,471</u>
	<b><u>24,275</u></b>	<b><u>22,346</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>2022</b> <b>RMB million</b>	2021 <i>RMB million</i> <i>(Restated)</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>60,147</b>	61,251
Investment properties		<b>10,629</b>	6,697
Right-of-use assets		<b>18,117</b>	17,322
Intangible assets		<b>219,531</b>	229,094
Investments in joint ventures		<b>51,731</b>	44,578
Investments in associates		<b>47,573</b>	40,757
Financial assets at fair value through profit or loss		<b>21,489</b>	14,249
Derivative financial instruments		<b>681</b>	–
Debt investments at amortised cost		<b>1,628</b>	530
Equity investments designated at fair value through other comprehensive income		<b>24,084</b>	30,095
Contract assets, trade and other receivables	<i>11</i>	<b>431,762</b>	371,774
Deferred tax assets		<b>7,715</b>	7,190
		<hr/>	<hr/>
Total non-current assets		<b>895,087</b>	823,537
<b>Current assets</b>			
Inventories		<b>78,263</b>	73,067
Contract assets, trade and other receivables	<i>11</i>	<b>423,739</b>	387,907
Financial assets at fair value through profit or loss		<b>1,300</b>	1,319
Debt investments at amortised cost		<b>135</b>	20
Derivative financial instruments		<b>7</b>	606
Restricted bank deposits and time deposits with an initial term of over three months		<b>9,617</b>	8,773
Cash and cash equivalents		<b>103,202</b>	95,880
		<hr/>	<hr/>
Total current assets		<b>616,263</b>	567,572
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>482,953</b>	435,998
Contract liabilities		<b>76,629</b>	80,033
Derivative financial instruments		<b>7</b>	1
Tax payable		<b>7,985</b>	6,950
Interest-bearing bank and other borrowings		<b>93,678</b>	76,292
Retirement benefit obligations		<b>101</b>	109
		<hr/>	<hr/>
Total current liabilities		<b>661,353</b>	599,383
<b>Net current liabilities</b>		<b>(45,090)</b>	(31,811)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>849,997</b>	791,726
		<hr/>	<hr/>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	<i>Notes</i>	<b>2022</b> <b>RMB million</b>	2021 <i>RMB million</i> <i>(Restated)</i>
<b>Total assets less current liabilities</b>		<b>849,997</b>	791,726
<b>Non-current liabilities</b>			
Trade and other payables	12	41,437	34,975
Interest-bearing bank and other borrowings		372,337	351,844
Deferred income		1,718	1,592
Deferred tax liabilities		4,463	7,438
Retirement benefit obligations		701	796
Provision		3,165	3,686
<b>Total non-current liabilities</b>		<b>423,821</b>	400,331
<b>Net assets</b>		<b>426,176</b>	391,395
<b>Equity</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		16,166	16,166
Share premium		19,625	19,625
Financial instruments classified as equity		37,988	33,959
Reserves		208,199	190,641
		<b>281,978</b>	260,391
<b>Non-controlling interests</b>		<b>144,198</b>	131,004
<b>Total equity</b>		<b>426,176</b>	391,395

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Notes	Attributable to owners of the parent							
	Share capital RMB million	Share premium RMB million	Financial instruments classified as equity RMB million	Other reserves RMB million	Retained earnings RMB million	Total RMB million	Non-controlling interests <sup>#</sup> RMB million	Total equity RMB million
At 31 December 2021	16,166	19,625	33,959	40,115	150,485	260,350	131,004	391,354
Business combination under common control	-	-	-	57	(16)	41	-	41
As at 1 January 2022 (Restated)	16,166	19,625	33,959	40,172*	150,469*	260,391	131,004	391,395
Profit for the year	-	-	-	-	20,065	20,065	5,641	25,706
Other comprehensive income/(loss) for the year:								
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	(4,850)	-	(4,850)	-	(4,850)
Cash flow hedges, net of tax	-	-	-	(10)	-	(10)	-	(10)
Share of other comprehensive loss of joint ventures and associates	-	-	-	339	-	339	-	339
Actuarial loss on retirement benefit obligations, net of tax	-	-	-	(1)	-	(1)	-	(1)
Exchange differences on translation of foreign operations	-	-	-	2,925	-	2,925	166	3,091
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,597</b>	<b>20,065</b>	<b>18,468</b>	<b>5,807</b>	<b>24,275</b>
Final 2021 dividend declared	9	-	-	-	(3,293)	(3,293)	-	(3,293)
Interest on perpetual securities (i)	-	-	-	-	(1,622)	(1,622)	(3,530)	(5,152)
Dividends to non-controlling shareholders	-	-	-	-	-	-	(1,952)	(1,952)
Withdrawal of capital by non-controlling shareholders	-	-	-	-	-	-	(112)	(112)
Capital contribution from non-controlling shareholders	-	-	-	4,335	-	4,335	12,319	16,654
Business combination under common control	-	-	-	(220)	-	(220)	-	(220)
Acquisition of subsidiaries	-	-	-	-	-	-	89	89
Disposal of subsidiaries	-	-	-	-	-	-	(741)	(741)
Issuance of perpetual securities	-	-	18,000	(30)	-	17,970	25,332	43,302
Redemption of perpetual securities	-	-	(13,971)	-	-	(13,971)	(24,018)	(37,989)
Transaction with non-controlling interests	-	-	-	(79)	-	(79)	-	(79)
Transfer to statutory surplus reserve	-	-	-	743	(743)	-	-	-
Transfer from general reserve	-	-	-	141	(141)	-	-	-
Transfer to safety production reserve	-	-	-	961	(961)	-	-	-
Transfer of fair value reserve upon the disposal of equity investments designated at fair value through other comprehensive income	-	-	-	(86)	86	-	-	-
Others	-	-	-	(1)	-	(1)	-	(1)
<b>At 31 December 2022</b>	<b>16,166</b>	<b>19,625</b>	<b>37,988</b>	<b>44,339*</b>	<b>163,860*</b>	<b>281,978</b>	<b>144,198</b>	<b>426,176</b>

\* As at 31 December 2022, these reserve accounts comprise the consolidated reserves of RMB208,199 million (2021: RMB190,641 million) in the consolidated statement of financial position.

# As of 31 December 2022, perpetual securities of RMB81,052 million (2021: RMB79,927 million) issued by subsidiaries of the Company were classified as non-controlling interests in the consolidated financial statements.

(i) For the year ended 31 December 2022, the Company distributed interest on perpetual securities totalling RMB1,622 million (2021: RMB1,737 million), of which nil million (2021: RMB38 million) was distributed to CCCC Finance Company Limited (“CCCC Finance”), a subsidiary of the Company.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to owners of the parent							
	Share capital	Share premium	Financial instruments classified as equity	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
At 31 December 2020	16,166	19,625	33,938	37,661	137,681	245,071	112,733	357,804
Business combination under common control	–	–	–	57	(17)	40	–	40
At 31 December 2021 (Restated)	16,166	19,625	33,938	37,718*	137,664*	245,111	112,733	357,844
Profit for the year	–	–	–	–	18,349	18,349	5,510	23,859
Other comprehensive income/(loss) for the year:								
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	–	–	–	68	–	68	–	68
Cash flow hedges, net of tax	–	–	–	1	–	1	–	1
Share of other comprehensive loss of joint ventures and associates	–	–	–	(39)	–	(39)	–	(39)
Actuarial loss on retirement benefit obligations, net of tax	–	–	–	(22)	–	(22)	–	(22)
Exchange differences on translation of foreign operations	–	–	–	(1,482)	–	(1,482)	(39)	(1,521)
Total comprehensive income for the year	–	–	–	(1,474)	18,349	16,875	5,471	22,346
Final 2020 dividend declared	–	–	–	–	(2,924)	(2,924)	–	(2,924)
Interest on perpetual securities (i)	–	–	–	–	(1,699)	(1,699)	(3,390)	(5,089)
Dividends to non-controlling shareholders	–	–	–	–	–	–	(1,640)	(1,640)
Shares repurchased	–	–	–	–	–	–	(1,316)	(1,316)
Capital contribution from non-controlling shareholders	–	–	–	3,216	–	3,216	15,487	18,703
Acquisition of subsidiaries	–	–	–	–	–	–	50	50
Disposal of subsidiaries	–	–	–	–	–	–	(1,506)	(1,506)
Issuance of perpetual securities	–	–	4,999	–	–	4,999	22,890	27,889
Redemption of perpetual securities	–	–	(4,978)	(20)	–	(4,998)	(16,018)	(21,016)
Transaction with non-controlling interests	–	–	–	(207)	–	(207)	(1,757)	(1,964)
Transfer to statutory surplus reserve	–	–	–	643	(643)	–	–	–
Transfer from general reserve	–	–	–	(72)	72	–	–	–
Transfer to safety production reserve	–	–	–	355	(355)	–	–	–
Transfer of fair value reserve upon the disposal of equity investments designated at fair value through other comprehensive income	–	–	–	(5)	5	–	–	–
Others	–	–	–	18	–	18	–	18
At 31 December 2021 (Restated)	16,166	19,625	33,959	40,172*	150,469*	260,391	131,004	391,395

## CONSOLIDATED STATEMENT OF CASH FLOWS

		2022	2021
	Notes	RMB million	RMB million (Restated)
<b>Cash flows from operating activities</b>			
Profit before tax		32,786	29,787
Adjustments for:			
– Depreciation of property, plant and equipment, investment properties and right-of-use assets	5	10,494	9,447
– Amortisation of intangible assets	5	2,916	2,697
– Gains on disposal of items of property, plant and equipment, intangible assets and other long-term assets	4	(1,385)	(771)
– Gains on disposal of joint ventures and associates	4	(79)	(136)
– Fair value losses/(gains) on financial assets at fair value through profit or loss	4	169	(173)
– Fair value losses/(gains) on derivative financial instruments	4	(34)	(6)
– Gains on disposal of financial assets at fair value through profit or loss	4	(118)	(48)
– Gains on disposal of subsidiaries	4	(2,710)	(26)
– Dividend income from financial assets at fair value through profit or loss	4	(241)	(196)
– Dividend income from equity investments designated at fair value through other comprehensive income	4	(874)	(847)
– Dividend income on derivative financial instruments	4	–	(193)
– Other (income)/loss from investing activities		(168)	177
– Share of profits and losses of joint ventures and associates, net		323	(176)
– Write-down of inventories	5	201	202
– Provision for impairment of financial and contract assets, net	5	9,646	6,946
– Provision for impairment of property, plant and equipment		79	–
– Provision for impairment of associates and joint ventures		1	–
– Provision for impairment of goodwill		50	–
– Interest income	6	(21,309)	(14,609)
– Interest expenses	7	20,348	18,429
– Net foreign exchange losses/(gains) on borrowings	7	32	(113)
		<u>50,127</u>	<u>50,391</u>



## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	<b>2022</b> <b>RMB million</b>	2021 <i>RMB million</i> <i>(Restated)</i>
Increase in inventories	<b>(5,390)</b>	(2,674)
Increase in contract assets, trade and other receivables	<b>(112,775)</b>	(97,874)
Increase in restricted bank deposits	<b>(205)</b>	(56)
Increase in trade and other payables	<b>58,454</b>	38,342
Decrease in contract liabilities	<b>(3,147)</b>	(8,614)
Decrease in retirement benefit obligations	<b>(95)</b>	(61)
(Decrease)/increase in provisions	<b>(521)</b>	477
Increase in deferred income	<b>126</b>	514
	<hr/> <b>(13,426)</b>	<hr/> (19,555)
Cash used in operations		
Interest income from operating activities	<b>20,793</b>	13,674
Income tax paid	<b>(6,925)</b>	(6,745)
	<hr/> <b>442</b>	<hr/> (12,626)
Net cash flows from/(used in) operating activities		

# **CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**

	<b>2022</b> <b>RMB million</b>	2021 <i>RMB million</i> <i>(Restated)</i>
Net cash flows from/(used in) operating activities	<u><b>442</b></u>	<u>(12,626)</u>
<b>Cash flows from investing activities</b>		
Purchases of items of property, plant and equipment	<b>(12,968)</b>	(8,018)
Purchases of investment properties	<b>(5)</b>	(19)
Additions to right-of-use assets	<b>(598)</b>	(1,388)
Purchases of intangible assets	<b>(20,465)</b>	(27,536)
Proceeds from disposal of items of property, plant and equipment	<b>1,987</b>	1,136
Proceeds from disposal of right-of-use assets	<b>58</b>	119
Proceeds from disposal of investment properties	<b>134</b>	5
Proceeds from disposal of intangible assets	<b>14</b>	76
Business combination	<b>115</b>	212
Asset acquisition	<b>(2,721)</b>	(2,422)
Investments in associates	<b>(4,421)</b>	(7,128)
Investments in joint ventures	<b>(6,822)</b>	(9,227)
Disposal of subsidiaries	<b>9,054</b>	3,409
Disposal of joint ventures and associates	<b>841</b>	1,406
Purchases of equity investments designated at fair value through other comprehensive income	<b>(960)</b>	(399)
Purchases of financial assets at fair value through profit or loss	<b>(28,822)</b>	(16,374)
Proceeds from disposal of equity investments designated at fair value through other comprehensive income	<b>587</b>	1,098
Proceeds from disposal of financial assets at fair value through profit or loss	<b>20,949</b>	9,537
Proceeds from disposal of other debt instruments	<b>14</b>	33
Purchases of debt instruments	<b>(1,094)</b>	–
Loans to joint ventures, associates and third parties	<b>(12,002)</b>	(13,848)
Repayment of loans from joint ventures, associates and third parties	<b>7,986</b>	12,888
Interest received	<b>460</b>	307
Changes in time deposits with an initial term of over three months	<b>(639)</b>	(173)
Cash consideration received of concession assets	<b>289</b>	1,539
Dividends received	<b>1,552</b>	1,951
Proceeds from other investment activity	<u><b>798</b></u>	<u>–</u>
Net cash flows used in investing activities	<u><b>(46,679)</b></u>	<u>(52,816)</u>

# **CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**

	<b>2022</b>	2021
	<b><i>RMB million</i></b>	<i>RMB million</i> (Restated)
<b>Cash flows from financing activities</b>		
Capital contribution from non-controlling shareholders	<b>16,647</b>	18,703
Withdrawal of capital contribution to non-controlling interests	<b>(112)</b>	(1,316)
Dividends paid to non-controlling shareholders	<b>(1,521)</b>	(1,615)
Dividends paid to equity holders of the parent	<b>(3,293)</b>	(2,924)
Proceeds from issue of perpetual securities	<b>43,302</b>	27,889
Interest paid for perpetual securities	<b>(4,734)</b>	(4,618)
Redemption of perpetual securities	<b>(37,989)</b>	(20,016)
Proceeds from bank and other borrowings	<b>293,160</b>	289,732
Repayments of bank and other borrowings	<b>(228,881)</b>	(240,172)
Interest paid for bank and other borrowings	<b>(22,257)</b>	(20,070)
Transaction with non-controlling interests	<b>(79)</b>	(1,964)
Cash paid for business combination under common control	<b>(220)</b>	—
Principal portion of lease payments	<b>(1,163)</b>	(1,425)
Net cash flows generated from financing activities	<b>52,860</b>	42,204
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>6,623</b>	(23,238)
Cash and cash equivalents at beginning of year	<b>95,880</b>	119,572
Effect of foreign exchange rate changes, net	<b>699</b>	(454)
<b>Cash and cash equivalents at end of year</b>	<b>103,202</b>	95,880

## NOTES TO FINANCIAL STATEMENTS

### 1. CORPORATE AND GROUP INFORMATION

China Communications Construction Company Limited (the “**Company**”) was established in the People’s Republic of China (the “**PRC**”) on 8 October 2006 as a joint stock company with limited liability under the Company Law of the PRC as part of the group reorganisation of China Communications Construction Group (Limited) (“**CCCCG**”), the parent company and a state-owned enterprise established in the PRC. The H shares of the Company were listed on The Stock Exchange of Hong Kong Limited on 15 December 2006 and the A shares of the Company were listed on the Shanghai Stock Exchange on 9 March 2012. The address of the Company’s registered office is 85 De Sheng Men Wai Street, Xicheng District, Beijing, the PRC.

The Company and its subsidiaries (together, the “**Group**”) are principally engaged in infrastructure construction, infrastructure design and dredging businesses.

In the opinion of the directors, the immediate and ultimate holding company of the Company is CCCC, which was established in the PRC.

#### Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Type of legal entity	Issued ordinary/ registered share capital <i>(in million)</i>	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Unlisted						
China Harbour Engineering Co., Ltd. (“CHEC”)	PRC and other regions	Limited liability company	RMB6,000	50.10%	49.90%	Infrastructure construction
China Road and Bridge Corporation (“CRBC”)	PRC and other regions	Limited liability company	RMB6,000	99.64%	0.36%	Infrastructure construction
CCCC First Harbour Engineering Co., Ltd.	PRC	Limited liability company	RMB7,295	82.39%	–	Infrastructure construction
CCCC Second Harbour Engineering Co., Ltd.	PRC	Limited liability company	RMB5,329	71.50%	–	Infrastructure construction
CCCC Third Harbour Engineering Co., Ltd.	PRC	Limited liability company	RMB6,021	89.31%	–	Infrastructure construction
CCCC Fourth Harbour Engineering Co., Ltd.	PRC	Limited liability company	RMB4,966	86.23%	–	Infrastructure construction
CCCC First Highway Engineering Group Co., Ltd.	PRC	Limited liability company	RMB6,976	74.81%	–	Infrastructure construction
CCCC Second Highway Engineering Co., Ltd.	PRC	Limited liability company	RMB3,942	65.16%	–	Infrastructure construction
Road & Bridge International Co., Ltd.	PRC	Limited liability company	RMB3,974	71.08%	–	Infrastructure construction

Name	Place of incorporation/ registration and business	Type of legal entity	Issued ordinary/ registered share capital <i>(in million)</i>	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
CCCC Third Highway Engineering Co., Ltd.	PRC	Limited liability company	RMB2,156	70%	–	Infrastructure construction
CCCC Construction Group Co., Ltd.	PRC	Limited liability company	RMB2,177	71.2%	–	Infrastructure construction
CCCC Water Transportation Consultants Co., Ltd.	PRC	Limited liability company	RMB818	100%	–	Infrastructure design
CCCC Highway Consultants Co., Ltd.	PRC	Limited liability company	RMB730	100%	–	Infrastructure design
CCCC First Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB723	100%	–	Infrastructure design
CCCC Second Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB428	100%	–	Infrastructure design
CCCC Third Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB731	100%	–	Infrastructure design
CCCC Fourth Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB630	100%	–	Infrastructure design
CCCC First Highway Consultants Co., Ltd.	PRC	Limited liability company	RMB856	100%	–	Infrastructure design
CCCC Second Highway Consultants Co., Ltd.	PRC	Limited liability company	RMB872	100%	–	Infrastructure design
China Highway Engineering Consultants Co., Ltd.	PRC	Limited liability company	RMB750	100%	–	Infrastructure design
China Infrastructure Maintenance Group Co., Ltd.	PRC	Limited liability company	RMB1,074	66.47%	33.53%	Infrastructure design
CCCC Dredging (Group) Co., Ltd.	PRC	Limited liability company	RMB11,775	99.9%	0.1%	Dredging
CCCC Investment Co., Ltd.	PRC	Limited liability company	RMB12,500	100%	–	Investment holding
CCCC Xi'an Road Construction Machinery Co., Ltd.	PRC	Limited liability company	RMB433	54.31%	45.69%	Manufacture of road construction machinery
China Highway Vehicle & Machinery Co., Ltd.	PRC	Limited liability company	RMB168	100%	–	Trading of motor vehicle spare parts
Chuwa Bussan Co., Ltd. ("Chuwa Bussan")	Japan	Limited liability company	JPY100	99.94%	–	Trading of machinery
CCCC Shanghai Equipment Engineering Co., Ltd.	PRC	Limited liability company	RMB10	55%	–	Maintenance and design of port machinery

Name	Place of incorporation/ registration and business	Type of legal entity	Issued ordinary/ registered share capital <i>(in million)</i>	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
CCCC Mechanical & Electrical Engineering Co., Ltd.	PRC	Limited liability company	RMB833	60%	40%	Infrastructure construction
China Communications Materials & Equipment Co., Ltd.	PRC	Limited liability company	RMB1,734	100%	–	Trading of construction materials and equipment
CCCC Finance	PRC	Limited liability company	RMB7,000	95%	–	Financial services
CCCC International Holding Limited (“CCCCI”)	Hong Kong	Limited liability company	HK\$2,372	50.98%	49.02%	Investment holding
CCCC Capital Holdings Limited (“CCCC Capital”)	PRC	Limited liability company	RMB10,000	100%	–	Fund management and financial leasing
CCCC Asset Management Co., Ltd.	PRC	Limited liability company	RMB20,733	35.37%	64.63%	Investment holding
CCCC Urban Investment Co., Ltd.	PRC	Limited liability company	RMB4,100	90.49%	–	Investment holding
CCCC Tianhe Machinery and Equipment Manufacturing Co., Ltd. (“CCCC Tianhe”)	PRC	Limited liability company	RMB1,191	87.41%	12.59%	Machinery and equipment manufacturing

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

## 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by IASB and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial assets and liabilities (including derivative financial instruments) which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest million except when otherwise indicated.

## **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## **Going concern**

The Group had net current liabilities of RMB45,090 million as at 31 December 2022. Having considered the Group’s cash flow projections for the year ending 31 December 2023, including the Group’s cash positions, cash flows from operating, investing and financing activities, and the unutilised bank facilities as at the date of this report, the directors of the Company are satisfied that the Group is able to meet in full its financial obligations as they fall due for the coming 12 months. Accordingly, these financial statements had been prepared on a going concern basis.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to IFRSs 2018–2020	<i>Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41</i>

The nature and the impact of the revised IFRSs that are applicable to the Group are described below:

- (a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “**Conceptual Framework**”) issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from, in profit or loss, selling any such items, and the cost of those items as determined by IAS 2 Inventories. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.



- (d) *Annual Improvements to IFRS Standards 2018–2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

- *IFRS 9 Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

### 3. OPERATING SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the President Office that are used to allocate resources to the operating segments and assess their performance.

The President Office considers the business from the service and product perspectives. Management assesses the performance of the following four operating segments:

- (a) infrastructure construction of ports, roads, bridges and railways, municipal and environmental engineering and others (“**the Construction**”)
- (b) infrastructure design of ports, roads, bridges, railways and others (“**the Design**”)
- (c) dredging (“**the Dredging**”)
- (d) others

The President Office assesses the performance of the operating segments based on operating profit excluding unallocated income or costs. Other information provided to the President Office is measured in a manner consistent with that in the consolidated financial statements.

Sales between operating segments are carried out on terms with reference to the selling prices used for sales made to third parties. The revenue from external parties reported to the President Office is measured in a manner consistent with that in the consolidated statement of profit or loss.

Operating expenses of a functional unit are allocated to the relevant operating segment which is the predominant user of the services provided by the unit. Operating expenses of shared services which cannot be allocated to a specific operating segment and corporate expenses are included as unallocated costs.

Segment assets consist primarily of property, plant and equipment, investment properties, right-of-use assets, intangible assets, inventories, receivables, contract assets, equity investments designated at fair value through other comprehensive income, debt investments at amortised cost, financial assets at fair value through profit or loss, derivative financial instruments, and cash and cash equivalents. They exclude deferred tax assets, investments in joint ventures and associates, the assets of the headquarters of the Company and the assets of CCCC Finance, a subsidiary of the Company.

Segment liabilities comprise primarily payables, derivative financial instruments, and contract liabilities. They exclude deferred tax liabilities, tax payable, borrowings, the liabilities of the headquarters of the Company and the liabilities of CCCC Finance.

Capital expenditure comprises mainly additions to property, plant and equipment, investment properties, right-of-use assets and intangible assets.

The segment results for the year ended 31 December 2022 and other segment information included in the consolidated financial statements are as follows:

	Year ended 31 December 2022					
	Construction	Design	Dredging	Others	Eliminations	Total
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Total Gross segment revenue	634,246	48,210	51,017	18,209	(34,209)	717,473
Intersegment sales	(8,892)	(9,442)	(985)	(14,890)	34,209	–
<b>Revenue (note 5)</b>	<b>625,354</b>	<b>38,768</b>	<b>50,032</b>	<b>3,319</b>	<b>–</b>	<b>717,473</b>
Segment results	28,183	3,490	2,415	240	27	34,355
Unallocated income						(639)
Operating profit						33,716
Finance income						21,309
Finance costs, net						(21,916)
Share of profits and losses of joint ventures and associates						(323)
<b>Profit before tax</b>						<b>32,786</b>
Income tax expense						(7,080)
<b>Profit for the year</b>						<b>25,706</b>
<b>Other segment information</b>						
Depreciation	8,144	551	1,252	547	–	10,494
Amortisation	2,799	77	36	4	–	2,916
Write-down of inventories	191	1	–	9	–	201
Impairment of property, plant and equipment	77	2	–	–	–	79
Impairment of intangible assets	–	–	–	50	–	50
Impairment of investments in joint ventures	1	–	–	–	–	1
Impairment losses on financial and contract assets, net	7,669	961	688	328	–	9,646
Capital expenditure	35,409	812	1,703	780	–	38,704

The segment results for the year ended 31 December 2021 and other segment information included in the consolidated financial statements are as follows:

	Year ended 31 December 2021					
	Construction	Design	Dredging	Others	Eliminations	Total
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Total Gross segment revenue	608,593	47,595	42,973	14,601	(30,977)	682,785
Intersegment sales	<u>(8,374)</u>	<u>(10,653)</u>	<u>(678)</u>	<u>(11,272)</u>	<u>30,977</u>	<u>–</u>
<b>Revenue (note 5)</b>	<b><u>600,219</u></b>	<b><u>36,942</u></b>	<b><u>42,295</u></b>	<b><u>3,329</u></b>	<b><u>–</u></b>	<b><u>682,785</u></b>
Segment results	27,638	4,258	1,758	320	60	34,034
Unallocated income						<u>508</u>
Operating profit						34,542
Finance income						14,609
Finance costs, net						(19,540)
Share of profits and losses of joint ventures and associates						<u>176</u>
<b>Profit before tax</b>						29,787
Income tax expense						<u>(5,928)</u>
<b>Profit for the year</b>						<b><u>23,859</u></b>
<b>Other segment information</b>						
Depreciation	7,473	421	1,174	379	–	9,447
Amortisation	2,561	66	45	25	–	2,697
Write-down of inventories	202	–	–	–	–	202
Impairment losses on financial and contract assets, net	5,186	539	698	523	–	6,946
Capital expenditure	<u>43,183</u>	<u>1,268</u>	<u>981</u>	<u>872</u>	<u>–</u>	<u>46,304</u>

The amounts provided to the President Office with respect to total assets and total liabilities are measured in a manner consistent with that of the consolidated financial statements. These assets and liabilities are presented based on the operating segments they are associated with.

The segment assets and liabilities at 31 December 2022 are as follows:

	As at 31 December 2022					
	Construction	Design	Dredging	Others	Eliminations	Total
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Segment assets	<u>1,178,160</u>	<u>58,729</u>	<u>118,617</u>	<u>109,260</u>	<u>(97,337)</u>	1,376,429
Investments in joint ventures						51,731
Investments in associates						47,573
Other unallocated assets						<u>44,617</u>
<b>Total assets</b>						<u><b>1,511,350</b></u>
Segment liabilities	<u>503,436</u>	<u>32,957</u>	<u>53,182</u>	<u>9,634</u>	<u>(59,889)</u>	539,320
Unallocated liabilities						<u>545,854</u>
<b>Total liabilities</b>						<u><b>1,085,174</b></u>

The segment assets and liabilities as at 31 December 2021 are as follows:

	As at 31 December 2021					
	Construction	Design	Dredging	Others	Eliminations	Total
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Segment assets	<u>1,070,491</u>	<u>54,490</u>	<u>110,002</u>	<u>91,416</u>	<u>(80,179)</u>	1,246,220
Investments in joint ventures						44,578
Investments in associates						40,757
Other unallocated assets						<u>59,554</u>
<b>Total assets</b>						<u><b>1,391,109</b></u>
Segment liabilities	<u>462,237</u>	<u>28,710</u>	<u>47,571</u>	<u>9,304</u>	<u>(45,779)</u>	502,043
Unallocated liabilities						<u>497,671</u>
<b>Total liabilities</b>						<u><b>999,714</b></u>

## Geographical information

### (a) Revenue from external customers

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Mainland China	619,109	588,410
Other regions (primarily including Australia, Hong Kong, and countries in Africa, Middle East and South East Asia)	<u>98,364</u>	<u>94,375</u>
	<u><b>717,473</b></u>	<u><b>682,785</b></u>

The revenue information above is based on the locations of the customers.

### (b) Non-current assets

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Mainland China	275,302	290,275
Other regions (primarily including Australia, Hong Kong, and countries in Africa, Middle East and South East Asia)	<u>45,299</u>	<u>36,144</u>
	<u><b>320,601</b></u>	<u><b>326,419</b></u>

The non-current asset information above is based on the locations of the assets and excludes financial assets, investments in joint ventures and associates, deferred tax assets and contract assets.

## Information about a major customer

No revenue derived from services or sales to a single customer amounted to 10% or more of the Group's revenue during 2022 and 2021.

#### 4. REVENUE, OTHER INCOME AND OTHER GAINS/(LOSSES), NET

##### Revenue from contracts with customers

##### (i) Disaggregated revenue information

For the year ended 31 December 2022

Segments	Construction RMB million	Design RMB million	Dredging RMB million	Others RMB million	Total RMB million
<b>Type of goods or services</b>					
Infrastructure construction services	594,998	22,238	7,238	63	624,537
Infrastructure design services	556	15,957	598	–	17,111
Dredging and filling services	–	–	38,580	–	38,580
Others	29,800	573	3,616	3,256	37,245
Total revenue from contracts with customers	<u>625,354</u>	<u>38,768</u>	<u>50,032</u>	<u>3,319</u>	<u>717,473</u>
<b>Geographical markets</b>					
Mainland China	533,554	37,330	45,376	2,849	619,109
Other regions (primarily including Australia, Hong Kong, and countries in Africa, Middle East and South East Asia)	91,800	1,438	4,656	470	98,364
Total revenue from contracts with customers	<u>625,354</u>	<u>38,768</u>	<u>50,032</u>	<u>3,319</u>	<u>717,473</u>
<b>Timing of revenue recognition</b>					
Services transferred over time	595,551	38,762	46,416	63	680,792
Services transferred at a point in time	7,634	–	–	–	7,634
Merchandise transferred at a point in time	22,169	6	3,616	3,256	29,047
Total revenue from contracts with customers	<u>625,354</u>	<u>38,768</u>	<u>50,032</u>	<u>3,319</u>	<u>717,473</u>

**For the year ended 31 December 2021**

Segments	Construction <i>RMB million</i>	Design <i>RMB million</i>	Dredging <i>RMB million</i>	Others <i>RMB million</i>	Total <i>RMB million</i>
<b>Type of goods or services</b>					
Infrastructure construction services	564,673	23,015	1,854	34	589,576
Infrastructure design services	623	13,833	551	–	15,007
Dredging and filling services	–	–	37,782	–	37,782
Others	34,923	94	2,108	3,295	40,420
Total revenue from contracts with customers	<u>600,219</u>	<u>36,942</u>	<u>42,295</u>	<u>3,329</u>	<u>682,785</u>
<b>Geographical markets</b>					
Mainland China	509,757	35,897	39,898	2,858	588,410
Other regions (primarily including Australia, Hong Kong, and countries in Africa, Middle East and South East Asia)	90,462	1,045	2,397	471	94,375
Total revenue from contracts with customers	<u>600,219</u>	<u>36,942</u>	<u>42,295</u>	<u>3,329</u>	<u>682,785</u>
<b>Timing of revenue recognition</b>					
Services transferred over time	565,906	36,848	40,188	18	642,960
Services transferred at a point in time	4,438	–	–	–	4,438
Merchandise transferred at a point in time	29,875	94	2,107	3,311	35,387
Total revenue from contracts with customers	<u>600,219</u>	<u>36,942</u>	<u>42,295</u>	<u>3,329</u>	<u>682,785</u>

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

**For the year ended 31 December 2022**

Segments	Construction <i>RMB million</i>	Design <i>RMB million</i>	Dredging <i>RMB million</i>	Others <i>RMB million</i>	Total <i>RMB million</i>
<b>Revenue from contracts with customers</b>					
External customers	625,354	38,768	50,032	3,319	717,473
Intersegment sales	8,892	9,442	985	14,890	34,209
Intersegment adjustments and eliminations	(8,892)	(9,442)	(985)	(14,890)	(34,209)
Total revenue from contracts with customers	<u>625,354</u>	<u>38,768</u>	<u>50,032</u>	<u>3,319</u>	<u>717,473</u>

**For the year ended 31 December 2021**

Segments	Construction <i>RMB million</i>	Design <i>RMB million</i>	Dredging <i>RMB million</i>	Others <i>RMB million</i>	Total <i>RMB million</i>
<b>Revenue from contracts with customers</b>					
External customers	600,219	36,942	42,295	3,329	682,785
Intersegment sales	<u>8,374</u>	<u>10,653</u>	<u>678</u>	<u>11,272</u>	<u>30,977</u>
Intersegment adjustments and eliminations	<u>(8,374)</u>	<u>(10,653)</u>	<u>(678)</u>	<u>(11,272)</u>	<u>(30,977)</u>
Total revenue from contracts with customers	<u><u>600,219</u></u>	<u><u>36,942</u></u>	<u><u>42,295</u></u>	<u><u>3,329</u></u>	<u><u>682,785</u></u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period.

	<b>2022</b> <b><i>RMB million</i></b>	2021 <i>RMB million</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Construction	<b>33,300</b>	37,694
Design	<b>1,914</b>	2,190
Dredging	<b>1,077</b>	917
Others	<u><b>209</b></u>	<u>376</u>
	<u><b>36,500</b></u>	<u>41,177</u>

**(ii) Performance obligations**

Information about the Group's performance obligations is summarised below:

*Construction, design and dredging services*

The performance obligation is satisfied over time as services are rendered and payment is generally due within 90 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over the period stipulated in the contracts.

*Others*

Others mainly include sale of goods. The performance obligation is satisfied upon delivery of the goods and payments are generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

The remaining performance obligations of those uncompleted contracts expected to be recognised relate to construction, design, dredging services and others that are to be satisfied within 1 to 5 years.



**Other income**

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Rental income	1,070	860
Revenue from consulting services	553	364
Dividend income from equity investments designated at fair value through other comprehensive income		
– Listed equity instruments	863	717
– Unlisted equity instruments	11	130
Government grants	713	623
Dividend income from financial assets at fair value through profit or loss	241	196
Income from sale of scraps	288	358
Dividend income on derivative financial instruments	–	193
Interest income on debt investments at amortised cost	69	1
Others	1,520	1,999
	<u>5,328</u>	<u>5,441</u>

**Other gains/(losses), net**

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Gains on disposal of items of property, plant and equipment	666	94
Gains on disposal of items of intangible assets and other long-term assets	719	677
Gains on disposal of subsidiaries	2,710	26
Gains on disposal of joint ventures and associates	79	136
Fair value gains/(losses), net:		
– Financial assets at fair value through profit or loss	(169)	173
– Derivative financial instruments – transactions not qualifying as hedges	34	6
Foreign exchange difference, net	1,803	(1,213)
Gains on disposal of financial assets at fair value through profit or loss	118	48
Losses on derecognition of financial assets at amortised cost	(2,537)	(1,241)
Losses on derecognition of contract assets	(19)	(144)
	<u>3,404</u>	<u>(1,438)</u>

## 5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Raw materials and consumables used*	219,564	210,476
Cost of goods sold	21,381	19,066
Subcontracting costs	284,705	265,865
Employee benefit expenses*:		
– Salaries, wages and bonuses	35,495	31,498
– Pension costs – defined contribution plans	5,299	4,711
– defined benefit plans	19	36
– Housing benefits	2,774	2,423
– Welfare, medical and other expenses	16,541	18,549
	<u>60,128</u>	<u>57,217</u>
Equipment and plant usage costs	14,264	16,376
Business tax and other taxes	1,722	1,599
Fuel	4,270	3,887
Utilities	1,881	1,748
Maintenance costs	1,767	1,779
Research and development costs (including raw materials and consumables used, employee benefit expenses, depreciation and amortisation)	23,396	22,588
Depreciation of property, plant and equipment, investment properties and right-of-use assets*	10,494	9,447
Amortisation of intangible assets*	2,916	2,697
Auditors' remuneration	28	28
Write-down of inventories to net realisable value	201	202
Impairment losses on financial and contract assets, net	9,646	6,946

\* The raw materials and consumables used, the employee benefit expenses, and the depreciation and amortisation for the year charged for research and development activities are also included in the item of "Research and development costs".

## 6. FINANCE INCOME

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Interest income from:		
– Bank deposits	1,094	854
– Deposits in the The People’s Bank of China and interbank placement	229	279
– Contract assets and receivables from Public-Private-Partnership (“PPP”) contracts and primary land development contracts	12,508	6,910
– Loan receivables	4,806	3,182
– Others	2,672	3,384
	<u>21,309</u>	<u>14,609</u>

## 7. FINANCE COSTS, NET

An analysis of finance costs is as follows:

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Interests on:		
– Bank borrowings	19,759	18,309
– Other borrowings	201	244
– Corporate bonds	1,267	1,003
– Debentures	461	301
– Non-public debt instruments	492	423
– Lease liabilities	122	182
	<u>22,302</u>	<u>20,462</u>
Less: Interest capitalised	(1,954)	(2,033)
Net interest expense	<u>20,348</u>	<u>18,429</u>
Foreign exchange difference on borrowings, net	32	(113)
Others	<u>1,536</u>	<u>1,224</u>
	<u>21,916</u>	<u>19,540</u>

Borrowing costs directly attributable to the construction and acquisition of qualifying assets were capitalised as part of the costs of those assets. A weighted average capitalisation rate of 4.13% (2021: 4.76%) per annum was used, representing the comprehensive cost rate of the borrowings used to finance the qualifying assets.

Interest capitalised during the year was as follows:

	<b>2022</b> <i>RMB million</i>	2021 <i>RMB million</i>
Inventories	<b>403</b>	444
Concession assets	<b>1,478</b>	1,493
Construction in progress	<b>73</b>	96
	<u><b>1,954</b></u>	<u>2,033</u>

## 8. INCOME TAX

Most of the companies of the Group are subject to the PRC enterprise income tax, which was provided based on the statutory income tax rate of 25% (2021: 25%) of the assessable income of each of these companies during the year as determined in accordance with the relevant PRC income tax rules and regulations, except for certain PRC subsidiaries of the Company which were taxed at a preferential rate of 15% (2021: 15%).

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	<b>2022</b> <i>RMB million</i>	2021 <i>RMB million</i>
Current		
– PRC enterprise income tax	<b>6,887</b>	5,245
– Elsewhere	<b>1,073</b>	1,151
	<u><b>7,960</b></u>	<u>6,396</u>
Deferred	<b>(880)</b>	(468)
	<u><b>7,080</b></u>	<u>5,928</u>
Total tax charge for the year		

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	<b>2022</b>		2021	
	<b>RMB million</b>	<b>%</b>	<b>RMB million</b>	<b>%</b>
Profit before tax	<u>32,786</u>		<u>29,787</u>	
Tax at PRC statutory tax rate of 25%	8,197	25.0	7,447	25.0
Land appreciation tax in the PRC	643	2.0	509	1.7
Profits and losses attributable to joint ventures and associates	81	0.3	(44)	(0.1)
Income not subject to tax	(258)	(0.8)	(252)	(0.8)
Additional tax concession on research and development costs	(1,091)	(3.3)	(857)	(2.9)
Expenses not deductible for tax	79	0.2	194	0.7
Temporary differences utilised from previous periods	(5)	(0.1)	(3)	(0.1)
Temporary differences not recognised	412	1.3	606	2.0
Tax losses utilised from previous periods	(105)	(0.3)	(574)	(1.9)
Tax losses not recognised	1,067	3.3	720	2.4
Effect of differences in tax rates applicable to certain domestic and foreign subsidiaries	(1,666)	(5.1)	(1,820)	(6.1)
Adjustments in respect of current income tax of previous years	(20)	(0.1)	24	0.1
Others	<u>(254)</u>	<u>(0.8)</u>	<u>(22)</u>	<u>(0.1)</u>
Tax charge at the Group's effective rate	<u><b>7,080</b></u>	<u><b>21.6</b></u>	<u><b>5,928</b></u>	<u><b>19.9</b></u>

The share of tax attributable to joint ventures and associates amounting to approximately RMB170 million (2021: RMB200 million) is included in "Share of profits and losses of a joint venture and associates" in the consolidated statement of profit or loss.

## 9. DIVIDENDS

	<b>2022</b>	2021
	<b>RMB million</b>	<b>RMB million</b>
Proposed final dividend of RMB0.21707 per ordinary share (2021: RMB0.20371)	<u><b>3,509</b></u>	<u><b>3,293</b></u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting ("AGM").

# 10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent (exclusive of the interest on perpetual securities), and the weighted average number of ordinary shares of 16,165,711,425 (2021: 16,165,711,425) in issue during the year.

The calculation of basic earnings per share is based on:

	2022	2021
Profit attributable to ordinary equity holders of the parent (RMB million)	20,065	18,349
Less: Interest on perpetual securities (RMB million) (i)	<u>1,559</u>	<u>1,528</u>
	<u>18,506</u>	<u>16,821</u>
Weighted average number of ordinary shares in issue (million) (ii)	<u>16,166</u>	<u>16,166</u>
Basic earnings per share	<u>RMB1.14</u>	<u>RMB1.04</u>

- (i) The perpetual securities issued by the Company were classified as equity instruments with deferrable accumulative interest distribution and payment. Interest of RMB1,559 million on the perpetual securities which has been generated during the year was deducted from earnings when calculating the earnings per share amount for the year ended 31 December 2022.

The Company had no potentially dilutive ordinary shares in issue during the year ended 31 December 2022 and 2021.

# 11. CONTRACT ASSETS, TRADE AND OTHER RECEIVABLES

	2022 RMB million	2021 RMB million
Trade and bills receivables (note a)	130,554	119,549
Impairment	<u>(22,070)</u>	<u>(17,579)</u>
	<u>108,484</u>	<u>101,970</u>
Contract assets and long-term receivables (note b)	649,554	557,710
Impairment	<u>(11,466)</u>	<u>(8,862)</u>
	<u>638,088</u>	<u>548,848</u>

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Other receivables:		
Prepayments	34,746	25,627
Deposits	27,378	30,108
Others	<u>52,003</u>	<u>57,017</u>
	114,127	112,752
Impairment ( <i>note c</i> )	<u>(5,198)</u>	<u>(3,889)</u>
	<u>108,929</u>	<u>108,863</u>
	855,501	759,681
Portion classified as non-current		
Contract assets and long-term receivables	418,009	358,879
Other receivables:		
Prepayments	5,933	4,051
Deposits	1,576	1,389
Others	<u>6,244</u>	<u>7,455</u>
	<u>431,762</u>	<u>371,774</u>
Current portion	<u>423,739</u>	<u>387,907</u>

- (a) The majority of the Group's revenues are generated through infrastructure construction, infrastructure design and dredging contracts and settlements are made in accordance with the terms specified in the contracts governing the relevant transactions. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

An ageing analysis of trade and bills receivables as at the end of the reporting period, net of provisions, is as follows:

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Within 6 months	61,641	65,644
6 months to 1 year	9,867	11,087
1 year to 2 years	22,007	11,412
2 years to 3 years	5,870	6,052
Over 3 years	<u>9,099</u>	<u>7,775</u>
	<u>108,484</u>	<u>101,970</u>

## 12. TRADE AND OTHER PAYABLES

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Trade and bills payables ( <i>note a</i> )	350,945	317,345
Deposits from suppliers	43,046	41,930
Retentions	46,817	42,156
Deposits in CCCC Finance	12,179	11,758
Other taxes	34,256	28,493
Payroll and social security	2,208	2,136
Accrued expenses and others	34,939	27,155
	<b>524,390</b>	470,973
Portion classified as non-current		
Retentions	35,699	30,231
Other taxes	328	425
Others	5,410	4,319
	<b>41,437</b>	34,975
Current portion	<b>482,953</b>	435,998

(a) An ageing analysis of trade and bills payables as at the end of the reporting period is as follows:

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Within 1 year	319,071	286,242
1 year to 2 years	18,631	17,116
2 years to 3 years	5,906	7,270
Over 3 years	7,337	6,717
	<b>350,945</b>	317,345



### 13. PLEDGE OF ASSETS

- (a) At 31 December 2022, the restricted deposits were RMB5,536 million (2021: RMB5,331 million).
- (b) Details of the Group's assets secured for interest-bearing bank and other borrowings are as follows:

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Right-of-use assets	8,764	6,342
Concession assets and trade receivables from PPP projects	284,492	302,288
Inventories	10,184	6,995
Contract assets and trade and other receivables (excluding PPP projects)	<u>37,882</u>	<u>29,814</u>
	<u><u>341,322</u></u>	<u><u>345,439</u></u>

### 14. COMMITMENTS

#### (i) Capital expenditure commitments

Capital expenditure contracted for but not yet incurred at the end of the reporting period was as follows:

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Intangible assets – concession assets	84,425	90,119
Property, plant and equipment	<u>2,335</u>	<u>1,889</u>
	<u><u>86,760</u></u>	<u><u>92,008</u></u>

#### (ii) Other commitment

In accordance with the financial services framework agreement between CCCC Finance and CCCG, CCCC Finance provides financial services to CCCG and its subsidiaries. In 2022, the maximum daily balance of loan services under the deposit services and loan services framework agreement is RMB14,539 million, the maximum daily balance of guarantee letter services under the guarantee letter services framework agreement is RMB3,006 million, and the maximum daily balance of bills issuance services and bonds subscription under the other credit services framework agreement is RMB810 million.

## 15. EVENT AFTER THE REPORTING PERIOD

On 30 March 2023, the board of directors of the Company resolved that a final dividend of RMB0.21707 per share, totalling approximately RMB3,509 million, is to be distributed to shareholders, subject to approval of shareholders at the forthcoming AGM. Such final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

The Company proposed to spin off and list its subsidiaries, namely CCCC Highway Consultants Co., Ltd.\* (中交公路規劃設計院有限公司), CCCC First Highway Consultants Co., Ltd.\* (中交第一公路勘察設計研究院有限公司) and CCCC Second Highway Consultants Co., Ltd.\* (中交第二公路勘察設計研究院有限公司) (“**Three Highway Institutes**”) by reorganization with Gansu Qilianshan Cement Group Co., Ltd.\* (甘肅祁連山水泥集團股份有限公司) (“**Qilianshan**”). Upon completion of the proposed spin-off and reorganization, Qilianshan will become the controlling shareholder of the Three Highway Institutes, and the Company will become the controlling shareholder of Qilianshan. As of the date of this announcement, the Company has received the Approval on Matters Related to the Assets Reorganization and the Supporting Financing of Gansu Qilianshan Cement Group Co., Ltd.\* (甘肅祁連山水泥集團股份有限公司) (《關於甘肅祁連山水泥集團股份有限公司資產重組和配套融資有關事項的批覆》) by the SASAC, in which the SASAC has agreed in principle to the overall plan of Qilianshan’s assets reorganization and supporting financing.

## 16. COMPARATIVE AMOUNTS

As a result of the business combination under common control, the comparative figures have been restated.

## 17. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2023.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2022.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted the Model Code contained in Appendix 10 to the Hong Kong Listing Rules. The Company has made specific inquiry with all of its Directors and Supervisors. Each of the Directors and Supervisors has confirmed his compliance with the requirements set out in the Model Code for the year ended 31 December 2022.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company is committed to high standards of corporate governance. The Board believes that the Company complied with all code provisions contained in the Corporate Governance Code as set out in Part 2 of Appendix 14 to the Hong Kong Listing Rules for the year ended 31 December 2022.

## **DISTRIBUTIONS AND DIVIDENDS**

For the year of 2022, net distributable profit to owners of the Company was approximately RMB17,545 million which is determined based on the financial statements prepared in accordance with China Accounting Standards for Business Enterprises and International Financial Reporting Standards, whichever is lower. The Board has proposed a final dividend of RMB0.21707 (equivalent to approximately HKD0.24735, including tax; the relevant exchange rate is determined at RMB0.87758 equivalent to HK\$1.00 as the middle rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China on the date when such dividends were declared.) per share (totaling approximately RMB3,509 million which represents approximately 20% of the above-mentioned distributable net profit attributable to owners of the Company), which is subject to approval by the Shareholders at the forthcoming AGM. The proposed dividend distribution will be expected to distribute to all Shareholders on 11 August 2023, subject to the provisions of the Articles of Association, on the basis of total issued share capital of the Company of 16,165,711,425 shares.

Further details in relation to the date of the AGM, the qualification for the right to attend the AGM, the qualification for the proposed final dividends and the closure of register of member for H shares will be disclosed by the Company after the arrangement of AGM is finalised.

The proposed final dividends are subject to applicable tax. The proposed final dividends will be denominated and declared in Renminbi and will be paid to holders of A shares in RMB and to holders of H shares in HKD. Further information regarding the exchange rate and the applicable tax will be disclosed by the Company in a separate announcement in due course.

## **ESTIMATED TOTAL AMOUNT OF DAY-TO-DAY RELATED PARTY TRANSACTIONS UNDER THE SHANGHAI STOCK EXCHANGE LISTING RULES**

According to the Shanghai Listing Rules, the listed issuer may, prior to disclosure of its annual report for the previous year, estimate reasonably the total amount of day-to-day related party transaction (as defined under the Shanghai Listing Rules) under each category for the current full year and submit the estimated total amount to the board of directors or shareholders' general meeting for consideration and approval. Upon approval, day-to-day related party transactions conducted by the issuer will be exempted from certain review and disclosure requirements under the Shanghai Listing Rules.

As a Shanghai Stock Exchange listed issuer, the Company, in accordance with the Shanghai Listing Rules, estimates reasonably that the total amount of day-to-day related party transactions for the year of 2023 will amount to RMB101,922 million. The Company will closely monitor the respective related party transactions. If any related party transaction constitutes a connected transaction (as defined under the Hong Kong Listing Rules), and is subject to reporting, announcement or independent Shareholders' approval requirements (as applicable), the Company will, as soon as possible after the terms of the respective connected transaction have been agreed, take immediate steps to ensure compliance with the Hong Kong Listing Rules.

Pursuant to Rule 10.2.5 of the Shanghai Listing Rules, any related party transaction conducted by a listed issuer with the transaction amount exceeding RMB30 million as well as accounting for more than 5% of the absolute value of a listed issuer's latest audited net assets, shall be approved by its shareholders. As the estimated total amount of day-to-day related party transactions, after aggregation with other transaction amounts of related party transactions pursuant to the Shanghai Listing Rules, exceed RMB30 million but is lower than 5% of the absolute value of the Company's latest audited net assets, the estimated total amount of day-to-day related party transactions is exempted from the requirements of Shareholders' approval by way of ordinary resolution at the AGM.

## CONTINUING CONNECTED TRANSACTIONS

For the year ended 31 December 2022, the Group carried out continuing connected transactions with CCCG and CCCC Haifeng.

As at the date of this announcement, CCCG is the controlling Shareholder of the Company holding approximately 59.63% interests in the issued ordinary shares of the Company, and is therefore a connected person of the Company under the Hong Kong Listing Rules. CCCC Haifeng is a subsidiary of the Company and owned as to over 10% by CCCG. Therefore, CCCC Haifeng is a connected subsidiary of the Company under Rule 14A.16 of the Hong Kong Listing Rules.

The annual caps for the continuing connected transactions of the Company described above as compared with the actual transaction amounts for the year ended 31 December 2022 are set out as follows:

	<b>Annual Cap for 2022 (RMB million)</b>	<b>Actual amount for 2022 (RMB million)</b>
<b>1. Mutual Project Contracting Framework Agreement</b>		
Project contracting services provided by the Group to CCCG Group	33,155	13,395
Labour and subcontracting services provided by CCCG Group to the Group	8,628	2,949
<b>2. Mutual Product Sales and Purchase Agreement</b>		
Sales of material products to CCCG Group by the Group	3,188	1,172
Purchase of engineering products from CCCG Group by the Group	4,615	1,531
<b>3. Leasing and Asset Management Services Framework Agreement</b>		
Leasing of certain buildings, plants and auxiliary equipment, facilities, etc. for production and operation by CCCG Group to the Group	847	290

		<b>Annual Cap for 2022 (RMB million)</b>	<b>Actual amount for 2022 (RMB million)</b>
<b>4. Financial Services Agreement</b>			
Maximum daily balance (including the interests and handling charges accrued thereon) of credit services to be provided by CCCC Finance to CCCG Group	Loan services under the Financial Services – Deposit Services and Loan Services Framework Agreement	14,539	1,834
	Guarantee letter services under the Financial Services – Guarantee Letter Services Framework Agreement	3,006	1,840
	Bills issuance services and bonds subscription under the Financial Services – Other Credit Services Framework Agreement	810	803
<b>5. Finance Lease and Commercial Factoring Agreement</b>			
Finance lease services provided by CCCC Capital to CCCG Group		5,200	1,149
Commercial factoring services provided by CCCC Capital to CCCG Group		7,000	392
<b>6. Product Leasing Framework Agreement</b>			
Leasing of engineering products by CCCC Haifeng Group to the Group		65	48

The Company has effective and sufficient control mechanism in place to control the annual caps of continuing connected transactions and ensure such caps will not be exceeded. The control measures adopted by the Company are as follows:

- (i) leveraging historical experience and operation plans, the Company enters into continuing connected transaction framework agreements for a term of three years and sets annual caps on the basis of the assessment on necessity and fairness of potential connected transactions. These agreements and proposed annual caps are subject to necessary decision-making and approval procedures, including but not limited to review and consideration by independent Directors, the audit and internal control committee under the Board, the Board, the Supervisory Committee and the Shareholders' general meeting of the Company pursuant to their respective authorisation. Implementation will be organized upon approval after review and consideration;
- (ii) the Company carries out daily supervision on the overall implementation and actual transaction amounts of continuing connected transactions. For financial services agreement and finance lease and commercial factoring agreement, CCCC Finance and CCCC Leasing (subsidiaries of the Company), as non-bank financial institutions, report actual maximum daily loan balance (including the interests accrued thereon) and actual aggregate amount of finance lease services and commercial factoring services provided on a monthly basis, and predict the transaction amount of the outstanding period of the relevant year on a quarterly basis. For other continuing connected transaction agreements, the subsidiaries of the Company report actual transaction amount (including the actual transaction amount of the relevant quarter and accumulated actual transaction amount) and predict the transaction amount of the outstanding period of the relevant year on a quarterly basis. Meanwhile, the Company will allocate the caps of continuing connected transactions for the next year to the implementers of relevant transactions at the end of every year;
- (iii) the implementers shall bring forward the need for increasing the caps of continuing connected transactions in time when it occurs during implementation based on changes in business development. The Company will start decision-making procedures for revising caps in due course after assessing necessity and fairness of the continuing connected transactions;
- (iv) whenever the actual transaction amount of relevant continuing connected transaction reaches 80% of the existing annual caps, the transaction implementers shall make a new prediction on whether the transaction amount of the outstanding period of the relevant year will satisfy operation needs and shall provide the Company with relevant transaction information so that the Company can realise better supervision and start decision-making procedures for revising caps in time after assessing necessity and fairness; and

- (v) by the end of every year, the Company will make a new prediction about the proposed caps of continuing connected transaction for the next year based on the latest actual situation of the relevant transaction of the current year, and re-assess the plan for the continuing connected transaction for next year after evaluating the necessity and fairness. If the re-assessment is consistent with the existing annual caps, the transactions shall be implemented following above procedures, and if it is expected to exceed the caps, the decision-making procedure for revising caps shall be started.

## **AUDIT AND INTERNAL CONTROL COMMITTEE**

The audit and internal control committee of the Company is comprised of Mr. CHAN Wing Tak Kevin, Mr. MI Shuhua, Mr. LIU Hui, Mr. WU Guangqi and Mr. ZHOU Xiaowen, and is chaired by Mr. CHAN Wing Tak Kevin. The audit and internal control committee of the Company has reviewed the annual results of the Company.

## **AUDITORS**

Ernst & Young and Ernst & Young Hua Ming LLP were appointed as the international and domestic auditors of the Company for the year ended 31 December 2022, respectively. The financial figures in this announcement extracted from the Group's consolidated Financial Statements for the year ended 31 December 2022 have been agreed by the Company's international auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2022. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements and consequently no assurance has been expressed by Ernst & Young on this announcement.

## **PUBLICATION OF ANNUAL REPORT**

This results announcement will be released on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of the Company ([www.ccccltd.cn](http://www.ccccltd.cn)).

The annual report of the Company for the year ended 31 December 2022 which contains all the information required by the Hong Kong Listing Rules including audited financial statements will be despatched to Shareholders on or before Friday, 28 April 2023 and will be published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of the Company ([www.ccccltd.cn](http://www.ccccltd.cn)).



## DEFINITIONS

In this announcement, unless the content otherwise requires, the following expressions have the following meanings:

“AGM”	the annual general meeting of the Company for the year 2022 to be held in 2023
“Articles of Association”	the articles of associations of the Company, approved on 8 October 2006, and as amended thereafter
“Board”	the board of directors of the Company
“CCCC Capital”	CCCC Capital Holdings Limited* (中交資本控股有限公司), a subsidiary of the Company as at the date of this announcement
“CCCC Finance”	CCCC Finance Company Limited* (中交財務有限公司), a subsidiary of the Company as at the date of this announcement
“CCCC Haifeng”	CCCC Haifeng Wind Power Development Co., Ltd.*(中交海峰風電發展股份有限公司), a connected subsidiary of the Company as at the date of this announcement
“CCCC Haifeng Group”	CCCC Haifeng and its subsidiaries
“CCCC Leasing”	CCCC Financial Leasing Co., Ltd.* (中交融資租賃有限公司), a subsidiary of the Company as at the date of this announcement
“CCCCG”	China Communications Construction Group (Limited), a wholly state-owned company incorporated on 8 December 2005 in the PRC which currently holds approximately 59.63% equity interest in the Company
“CCCCG Group”	CCCCG and its subsidiaries, excluding the Company and its subsidiaries
“Company” or “CCCC”	China Communications Construction Company Limited, a joint stock limited company with limited liability incorporated under the laws of the PRC on 8 October 2006, and except where the context requires otherwise, all of its subsidiaries
“Director(s)”	the director(s) of the Company

“Group”	the Company itself and all of its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
"Macau"	the Macau Special Administrative Region of the PRC
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers
“One increase, two stabilizations and three improvements”	the Company proposed that the increase in total profits ensure the completion of the central enterprises’ targets of keeping Grade A in 2022 as determined by the SASAC, the gearing ratio stabilise at below 75%, the investments in R&D stabilise at around 3%, and the return on net assets, operating cash ratio and overall labour productivity further improve
“One increase, two stabilizations and three improvements”	in 2023, the Company sets the target to ensure that the increase in total profit rate will complete the goal, proposed by SASAC in 2022, for state-owned enterprises to maintain A level, the asset-liability ratio will stay below 75%, the ratio of investment in R&D to operating revenue will be stable at around 3%, and the return on net assets, operating cash ratio and overall labour productivity will be further improved
“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB” or “Renminbi”	the lawful currency of the PRC
“SASAC”	State-owned Assets Supervisor and Administration Commission of the State Council

“Shanghai Listing Rules”	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
“Shareholder(s)”	the shareholder(s) of the Company
“Supervisor(s)”	the supervisor(s) of the Company
“USD”	United States dollars, the lawful currency of the United States of America
“%”	Percent

By Order of the Board  
**China Communications Construction Company Limited**  
**ZHOU Changjiang**  
*Company Secretary*

Beijing, the PRC  
30 March 2023

*As at the date of this announcement, the Directors of the Company are WANG Tongzhou, WANG Haihuai, LIU Xiang, SUN Ziyu, MI Shuhua, LIU Hui<sup>#</sup>, CHAN Wing Tak Kevin<sup>#</sup>, WU Guangqi<sup>#</sup> and ZHOU Xiaowen<sup>#</sup>.*

<sup>#</sup> *Independent non-executive Directors*

<sup>\*</sup> *For identification purpose only*